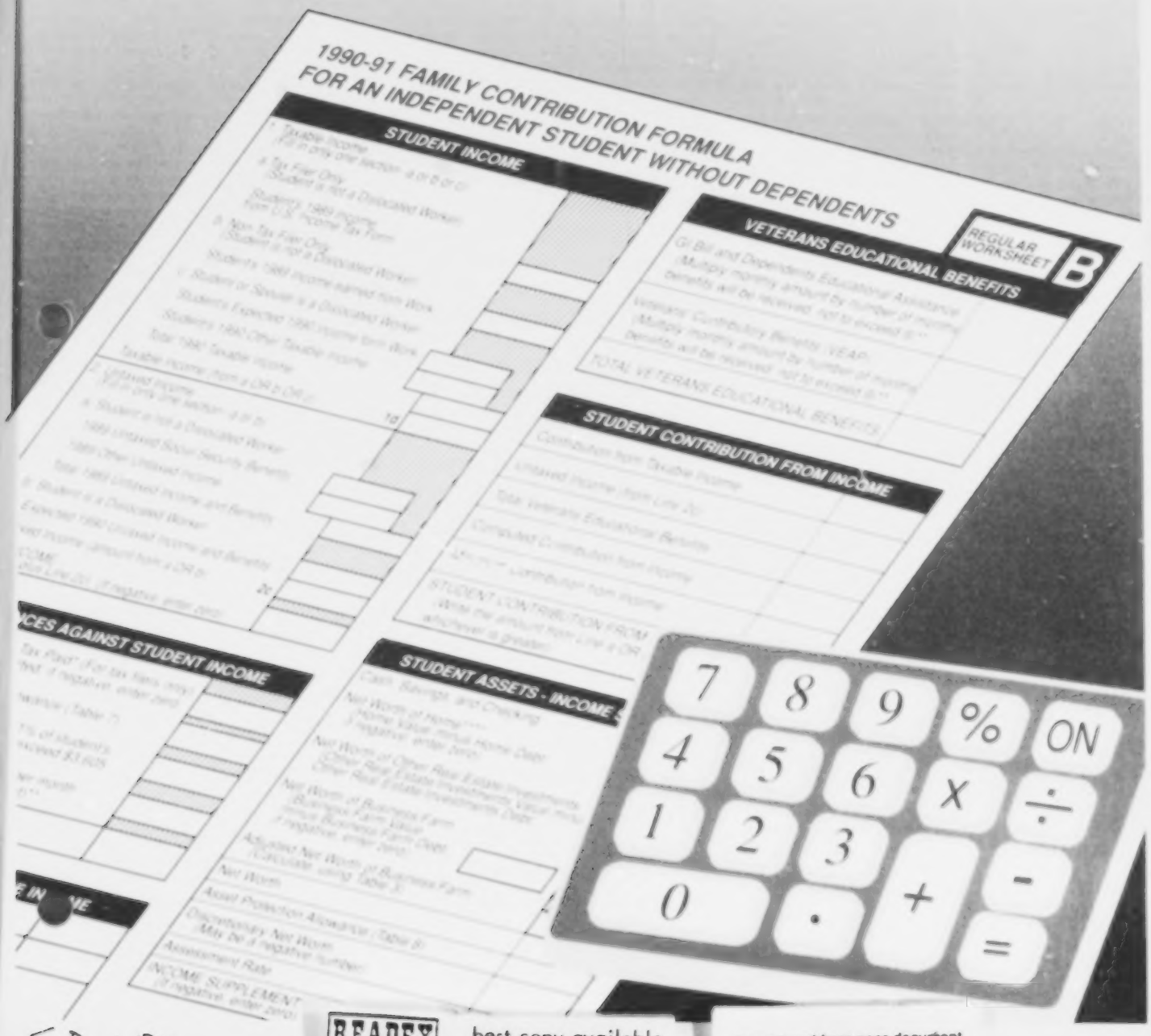
990-91

United States
Department of
Education

Office of
Student Financial
Assistance

The Congressional Methodology, 1990-91


1990-91 FAMILY CONTRIBUTION FORMULA
FOR AN INDEPENDENT STUDENT WITHOUT DEPENDENTS
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VETERANS EDUCATIONAL BENEFITS
REGULAR WORKSHEET B
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The Congressional Methodology 1990-91

U.S. Department of Education
Office of Student Financial Assistance

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INTRODUCTION

How to use this booklet:

This booklet is composed of four main parts: (1) the Introduction, which gives background information and guidance for using the Congressional Methodology formulas, (2) the narrative description of the formulas (pages 13 to 39), (3) the Worksheets and Tables for calculating the family contribution (FC) (pages 43 to 66), and (4) sample case studies (pages 69 to 91), showing how the FC is calculated.

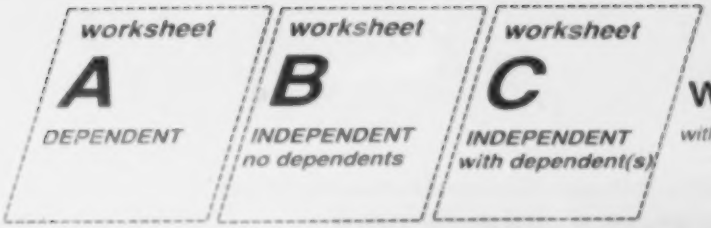
What is the Congressional Methodology?

The Congressional Methodology (CM) is the need analysis methodology prescribed by law for use in calculating a student's family contribution (FC) under the three campus-based programs—Perkins Loans, Supplemental Educational Opportunity Grants (SEOG), and College Work-Study (CWS)—as well as the Stafford Loan and Income Contingent Loan Programs. The family contribution is the amount a student and his or her family are expected to contribute towards the student's educational expenses during the academic year.

The CM formulas are included in Part F of Title IV of the Higher Education Amendments of 1986 (Public Law 99-498), as amended by the Higher Education Technical Amendments Act of 1987 (Public Law 100-50). Updated tables for the 1990-91 award year were published in the *Federal Register* on May 26, 1989.

Which worksheet should be used?

There are three regular (full-data) formulas—(A) for the dependent student, (B) for the independent student without dependents, and (C) for the independent student with dependent(s) (including a spouse). In addition, there is a simplified version of each formula with fewer data elements. A student is eligible for the simplified formula if (1) the family's total adjusted gross income or earned income in 1989 was $15,000 or less and (2) each family member filed an IRS Form 1040A or 1040EZ in 1989 or was not required to file a tax return (see the discussion on page 4). The regular formulas include modifications for dislocated workers and displaced homemakers; these modifications are discussed on pages 6 and 7.



REGULAR WORKSHEETS

with modifications for --
-- dislocated workers
-- displaced homemakers

SIMPLIFIED WORKSHEETS

for families with total AGI or earned income of $15,000 or less, who file the 1040A or 1040EZ, or do not file taxes. (See instructions.)

What is the definition of an independent student?

Since the FC formula for a dependent student includes parental data, and the two formulas for independent students do not, the first step in calculating a student's FC must be to determine his or her dependency status. For the 1990-91 award year, a student is automatically determined to be an independent applicant for Federal student aid if he or she meets any *one* of the following criteria:

1. the student is at least 23 years old (born before January 1, 1967);
2. the student is a veteran of the U.S. Armed Forces;
3. the student is a ward of the court or both parents are dead; or
4. the student has legal dependents other than a spouse.

The student will also be considered to be independent if the school documents that one of the following circumstances exists:

- *The student is married or a graduate or professional student*, and will not be claimed as an income tax exemption by his or her parents for the 1990 tax year.
- *The student is a single undergraduate student*, and was not claimed as an income tax exemption by his or her parents in either 1988 or 1989, and demonstrates self-sufficiency for two years as evidenced by annual total resources of at least $4,000 in each of those years. The two years used for the self-sufficiency test are the two calendar years prior to the year that the

student first received Federal student aid, starting with the 1987-88 award year. If the student first received aid in the 1987-88 award year, the two years of self-sufficiency are 1985 and 1986. If the student first received aid in the 1988-89 award year, the two years of self-sufficiency are 1986 and 1987. If the student first received aid in the 1989-90 award year, the two years of self-sufficiency are 1987 and 1988. If the student has never received Federal student aid, or if he or she received it for the first time in the 1986-87 school year or earlier and has not subsequently received aid, the two years of self-sufficiency are 1988 and 1989.

Remember that the financial aid administrator is required to document that a student meets either of the last two criteria (see arrows above). To verify a student's self-sufficiency, status as a tax exemption, or marital status, the financial aid administrator may ask for documents such as a copy of the student's tax return, the parents' tax return, a promissory note, or the student's marriage certificate.

Also note that the law makes an exception to these two criteria. Even if a student meets one of these criteria, the student would be considered to be dependent in the 1990-91 award year if the student was an independent student in the 1989-90 award year, but was claimed as an income tax exemption by another person (other than his or her spouse) in 1989.

In unusual circumstances, a student who does not meet any of these criteria may still be considered independent. The financial aid administrator at the student's school can make a special-case determination of independence, and must document in the student's file the reasons for that determination. Note that a financial aid administrator *may not* determine that an independent student should be considered dependent.

TERMS USED IN THE DEFINITION OF AN INDEPENDENT STUDENT

LEGAL DEPENDENT. Any person who lives with the student, receives more than half-support from the student, and will continue to receive more than half-support from the student during the award year. Also, the natural or adopted child of the student, or a child for whom the student is legal guardian, if the child receives more than half-support from the student (the child does not have to live with the student).

RESOURCES. Because they are proof of the student's independence, resources cannot include any gifts, loans or support from the parents. Resources include taxed and untaxed income, student financial aid (except PLUS loans), personal long-term cash loans used for educational purposes, and any other gifts or support.

Which students qualify for the simplified FC formulas?

A dependent student qualifies for the simplified FC formula if *both* of the following are true:

- a 1989 Form 1040 has not been filed and will not be filed by any family member (student, spouse, or student's parents), *and*

- the sum of the 1989 income of the student, spouse, and student's parents is $15,000 or less, as determined by adding—

  (1) the adjusted gross income of each family member who filed a 1989 Form 1040A or 1040EZ, and

  (2) the income shown on the 1989 W-2 forms of each family member who did not and will not file a 1989 U.S. tax return (plus any other earnings from work not included on the W-2).

An independent student qualifies for the simplified FC formula if *both* of the following are true:

- neither the student nor spouse filed or will file a 1989 Form 1040, *and*

- the sum of the student's and spouse's 1989 income is $15,000 or less, as determined by adding—

  (1) the adjusted gross income of each person who filed a 1989 Form 1040A or 1040EZ, and

  (2) the income shown on the 1989 W-2 forms of each person who did not and will not file a 1989 U.S. tax return (plus any other earnings from work not included on the W-2).

Do some students receive an FC from a simplified formula and an FC from a regular formula?

If a student does not qualify for the simplified formula, the student receives only one FC—the FC resulting from the full-data formula. However, even if a student qualifies for the simplified formula, he or she may elect to file the full-data application, and it may be to the student's advantage to do so. This student will receive two FC numbers from the Congressional Methodology, a "primary" FC and a "secondary" FC, and both will be printed on the Student Aid Report (or other output document for students filing an application of one of the approved private or State need analysis agencies). .Usually, the "primary" FC number for these students will be the one from the simplified formula, and the "secondary" FC number will be from the full-data

formula (the regular full-data formula or a variation of the full-data formula for a dislocated worker or displaced homemaker). The financial aid administrator has the authority to use a student's secondary FC instead of the primary FC if, in the opinion of the aid administrator, the secondary FC more accurately indicates the financial ability of the family to pay for the student's education.

Note that, in some cases, the FC from the full-data formula may be lower than the FC from the simplified formula. Only the full-data formula allows for the use of estimated income for a dislocated worker, and includes two allowances not included in the simplified formula—a medical/dental expense allowance and an elementary/secondary tuition allowance (subtracted from income). Also, although the full-data formula includes assets and the simplified formula does not, including assets will sometimes result in a lower FC, because the full-data formula also includes an asset protection allowance that may exceed total net assets, resulting in an offset against income for contribution purposes.

An example of a student who might qualify for the simplified formula but might benefit more from the full-data formula would be a dislocated worker with low income in 1989, low estimated income in 1990, no major assets other than a home asset, and very high medical/dental expenses and/or very high elementary or secondary tuition expenses.

Some of the major differences in the data elements of the full-data formulas and simplified formulas are:

	Full-Data CM	**Simplified CM**
Estimated income for a dislocated worker	Yes	No
A medical/dental expense allowance	Yes	No
An elementary/secondary tuition allowance	Yes	No
A contribution from assets	Yes	No
Veterans educational benefits for independent students	Yes	No

How is the formula modified for a dislocated worker?

The formula for a dislocated worker is the same as the regular full-data formula except for the following changes: (1) expected 1990 income is substituted for base year 1989 income, and (2) a net home worth of zero is substituted for the actual net worth of the home. The substitutions are made automatically by the application processing system. Expected income is *not* substituted for base year income in the *simplified* formula for a dislocated worker; however, a financial aid administrator can use his or her discretion to substitute expected income in the simplified formula if the student's circumstances warrant the substitution and the circumstances can be documented in the student's file. The substitution of zero net home worth is not applicable to the simplified formula, since all assets are excluded from the simplified formula.

Who qualifies as a dislocated worker?

"Dislocated worker" means a person who has been given this classification by the appropriate State agency (such as the State Employment Service or Job Service) in accordance with Title III of the Job Training Partnership Act of 1982 (Public Law 97-300). Generally, the State agency determines a person to be a "dislocated worker" if the person:

- has been fired or laid off, *or*
- has been laid off as a result of permanent closure of a plant or other facility, *or*
- was self-employed (including farmers) but is now unemployed because of poor economic conditions in the community or a natural disaster.

How is the formula modified for a displaced homemaker?

The formula for a displaced homemaker is the same as the regular full-data formula except that a net home worth of zero is substituted for the actual net worth of the home. This substitution is automatically made by the application processing system. If either parent is a displaced homemaker, the parents' net home asset is considered to be zero; if either the student or spouse is a displaced homemaker, the net home asset of the student and spouse is considered to be zero. This modification is not applicable to the simplified formula for a displaced homemaker, since all assets are excluded from the simplified formula.

Who is classified as a displaced homemaker?

To be classified as a displaced homemaker, a person must meet *all* of the following criteria:

- he or she has not worked full time in the labor force for a substantial number of years (e.g., approximately five years or more) but has, during those years, worked in the home providing unpaid services for family members;

- he or she has been dependent on public assistance or on the income of another family member, but is no longer receiving that income, or is receiving public assistance because of dependent children in the home; *and*

- he or she is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

"Unemployed" means not working this week but being available for work and having made specific efforts to get a job sometime during the last four weeks.
"Underemployed" means working part-time, even though full-time employment is desired, because work is slack or because only part-time work is available.

Calculating the FC for other than 9-month enrollment:

The statutory FC formula is basically for a nine-month period of enrollment. The U.S. Department of Education considers it reasonable to interpret a nine-month period of enrollment as a period of 8 ½ to 9 ½ months. Therefore, if a student will be enrolled for less than 8 ½ or more than 9 ½ months, it may be necessary to calculate a different FC for that enrollment period. As a convenience to schools, the Federal processing system prints a grid at the bottom of the Student Aid Report (SAR) showing the FC's for periods of enrollment from 1 to 12 months. For those students who do not file the Federal application or receive a SAR, the "Worksheets" section of this booklet (pages 41 to 56) includes calculations of FC's for other than 9-month enrollments.

The law specifies how to calculate the FC for a period of enrollment that is less or more than 9 months if the student is a *dependent student* or an *independent student without dependents*. However, the law is silent as to the treatment of the FC for an *independent student with dependent(s)* who is enrolled for less or more than 9 months. However, to provide an equitable treatment for such a student, his or her FC may be calculated in a manner similar to the method used to calculate the FC for a dependent student (see the calculation formulas on page 2 of Worksheet C).

For a *dependent student*, the adjustment is to the parents' contribution only; there is no adjustment to the dependent student's own contribution. For an enrollment of *less* than 9 months, the parents' contribution is simply reduced proportionally—1/9 for each month of enrollment less than 9 months; for an enrollment of *more* than 9 months, the parents' contribution is calculated by adjusting the standard 9-month formula, beginning with the parents' adjusted available income (see page 3 of Worksheet A).

For an *independent student with no dependents*, the adjustment for less or more than 9 months is made by adjusting the following individual data items within the standard 9-month FC formula—veterans educational benefits and the maintenance allowance. Veterans educational benefits are adjusted by multiplying the monthly amount of the benefits by the lesser of the number of months enrolled or months the student reports he or she will receive the benefits. The maintenance allowance in the standard 9-month formula is $600 for 3 months of nonenrollment, or $1,800. This allowance is adjusted for other than 9-months enrollment by multiplying $600 by the number of months of nonenrollment. For example, the maintenance allowance is $0 for 12 months enrollment (zero months of nonenrollment), or $2,400 for 8 months enrollment (4 months of nonenrollment).

For an *independent student with dependents*, the family contribution is reduced proportionally for an enrollment of *less* than 9 months—1/9 for each month of enrollment less than 9 months; for an enrollment of *more* than 9 months, the family contribution is calculated by adjusting the standard 9-month formula, beginning with the student's adjusted available income (see page 2 of Worksheet B).

Adjusting the FC, dependency status, or cost of attendance:

The law authorizes the financial aid administrator to make an adjustment to a student's FC if the student has personal circumstances not taken into account by the FC formula; these circumstances must be documented in the student's file. Such an adjustment must only be made to an FC that is based on accurate information. An FC that is adjusted by a financial aid administrator does not have to be reprocessed by the processing agency. However, the financial aid administrator must resolve any inconsistent or conflicting information in the student's application before adjusting the FC. Specific adjustments may be made:

- to data elements in the formula,
- to methodology, or
- directly to the final FC.

As previously mentioned, the aid administrator is also authorized to change a student's dependency status from dependent to independent to take into account unusual circumstances. However, these circumstances must be documented in the student's file along with the reasons for the change. The law also authorizes the financial aid administrator to make an individual adjustment in a student's cost of attendance (COA) to allow for special circumstances.

How does the student's Pell Grant eligibility affect other aid?

The regulations for most Federal student aid programs require a student to first apply for a Pell Grant and have his or her eligibility (or ineligibility) for aid from that program determined before eligibility for aid from other programs may be determined. The Pell Grant need-analysis formulas, which are different from the CM formulas, are described in *The Pell Grant Formula, 1990-91* and result in an eligibility number called a Pell Grant Index (PGI). If a student is eligible for a Pell Grant, the financial aid administrator determines the actual amount of the award by using a table (one of the *Pell Grant Payment Schedules*), which correlates the student's PGI number and enrollment status with the cost of attending the postsecondary institution. (Note that a graduate or professional student is not eligible for a Pell Grant.)

After the student's eligibility or ineligibility for a Pell Grant is determined, his or her eligibility for aid from the campus-based, Stafford Loan, and Income Contingent Loan programs is determined by means of the appropriate CM formula, which calculates the student's family contribution. A student is considered to have financial need for aid from these programs if the cost of attending the school exceeds the student's family contribution. However, a school may not award aid from a campus-based program if that aid plus the other resources the student will receive during the award period exceeds the student's financial need (resources include other Federal student aid, fellowships, long-term school loans, etc.). Similarly, a Stafford Loan plus expected financial aid other than the loan may not exceed the student's financial need. Although the Pell Grant Program provides funds to every eligible student, each school's annual funding for the campus-based programs is limited, and, therefore, a student may not receive all the aid he or she is eligible to receive from those programs.

Veterans educational benefits as a resource/estimated financial assistance:

The regulations for the campus-based programs require that veterans educational benefits not already included in a student's FC be included as a resource (to be subtracted from the cost of attendance) when determining the student's eligibility for campus-based aid. These benefits must also be considered as estimated financial assistance when determining a student's eligibility for a Stafford Loan.

A dependent student's FC does not include any veterans educational benefits, since a veteran is automatically considered to be an independent applicant for Federal student aid; therefore, for the dependent student, there will be no veterans educational benefits to be counted as a resource or estimated financial assistance. There are also *no* veterans educational benefits in the *simplified formulas* for independent students; therefore, 100 percent of the benefits will be counted as a resource or estimated financial assistance for any independent student using the simplified formula. The regular full-data FC formula for the single independent student includes 100 percent of the student's veterans educational benefits; therefore, no veterans educational benefits will be counted as a resource or estimated financial assistance for that student. However, the full-data formula for the independent student with a spouse or other dependent(s) includes only a portion of these benefits in the student's FC. Therefore, for an independent student with dependent(s) whose FC is from a full-data formula, the amount of the resource or estimated financial assistance is determined as follows:

$$\text{VA Educational Benefit s to be counted as a Resource or Estimated Financial Assistance} = \text{Total VA Educational Benefits} \times \left[1 - \frac{22\%}{\text{Number in College}}\right]$$

Veterans educational benefits of a student's *spouse* are not included in the student's FC formula, nor are they considered as a resource or estimated financial assistance for the student. Noneducational veterans benefits are counted in the FC formulas as nontaxable income and therefore are not counted as a resource or estimated financial assistance (noneducational veterans benefits include benefits such as Death Pension and Dependency and Indemnity Compensation benefits).

Special Conditions:

The processing system will substitute expected year income for base year income in calculating a student's eligibility for a *Pell Grant* if the family meets one of the "Special Conditions" defined by the U.S. Department of Education. These conditions, listed on page 12 are very specific and involve a significant reduction in family income from loss of employment or benefits, separation or divorce, or the death of a wage-earning family member. If a student believes that he or she meets

one of the Special Conditions, he or she should contact the financial aid administrator for assistance in processing the Special Condition. If the central processor uses expected 1990 income to calculate a student's Pell Grant Index (PGI) because of a Special Condition, it will also use expected 1990 income to calculate his or her FC. This "Special Condition" FC is calculated as a convenience to the aid administrator, but the aid administrator must use his or her professional judgment to decide whether to use this FC. If the aid administrator decides to use an FC from a Special Condition calculation, this decision must be documented in the student's file. Note that, although the Special Condition formulas use expected 1990 income for independent students and for the parents of dependent students, the formulas still use 1989 base year income for the dependent student's own income unless he or she is a dislocated worker under the regular FC formula.

Incomplete data and discrepancies

Before using this booklet to calculate a student's FC, the financial aid administrator must be certain that the student has submitted all the required data on his or her application, and that any discrepancies in the data noted by the aid administrator have been resolved.

SPECIAL CONDITIONS	DEPENDENT	INDEPENDENT
Loss of employment	• One of the student's parents (or a stepparent) earned money in1989, but has lost his or her job for at least 10 weeks in 1990.	• The student worked full-time (at least 35 hours a week) for at least 30 weeks in 1989, but is not working full-time now. (Does not apply to the student's spouse.) • The student's spouse earned money in 1989, but has lost his or her job for at least 10 weeks in 1990.
Loss of earnings due to disability or natural disaster	• One of the student's parents earned money in 1989, but has not been able to earn money in his or her usual way for at least 10 weeks in 1990. This must have been because of either a disability or a natural disaster that happened in 1989 or 1990.	• The student (or spouse) earned money in 1989 but has not been able to earn money in the usual way for at least 10 weeks in 1990. This must have been because of either a disability or a natural disaster that happened in 1989 or 1990.
Loss of untaxed income or benefit	• One of the student's parents received unemployment compensation or some untaxed income or benefit in 1989, but has completely lost that income or benefit for at least 10 weeks in 1990. The untaxed income or benefit must have been paid by a public or private agency, from a company, or from a person because of a court order.	• The student (or spouse) received unemployment compensation or some untaxed income or benefit in 1989, but has completely lost that income or benefit for at least 10 weeks in 1990. The untaxed income or benefit must be from a public or private agency, from a company, or from a person because of a court order.
Separation or divorce	• The student has already applied for Federal student aid, but his or her parents have separated or gotten divorced since that time.	• The student has already applied for Federal student aid, but has separated or been widowed or divorced since that time.
Death	• The student has already applied for Federal student aid, but, since that time, one of the student's parents has died.	• The student has already applied for Federal student aid as a dependent student, but, since that time, the student's last surviving parent has died.

FORMULA "A"

FOR A DEPENDENT STUDENT

See Worksheets on Pages 43-49 and Tables on Pages 61-66

TREATMENT OF PARENTS' INCOME

Generally, the parental income considered in the FC calculation is an amount equal to the income received during the calendar year preceding the academic year for which aid is requested. Thus, for the 1990-91 award year, an amount equal to the parents' calendar year 1989 income is used in the parents' portion of the FC calculation. In most cases, base year income is more reliable because it can be verified easily by comparing it with the U.S. income tax return or payroll receipts. However, if either parent is a dislocated worker, the expected 1990 income of both parents is used in the FC calculation.

Total Income
(Page 1 of Worksheet A)

"Total Income" is the combination of the parents' taxable income and untaxed income and benefits. Untaxed income and benefits are included because they may have a considerable effect on the family's financial strength and, in some cases, may be the family's main support.

For tax filers, Total Income is the sum of the following—

- 1989 Income from a U.S. Income Tax Form (Adjusted Gross Income—Income from IRS Form 1040, line 31,1040A, line 13, or 1040EZ, line 3),
- 1989 Untaxed Social Security Benefits,
- 1989 AFDC/ADC Benefits,
- 1989 Child Support Received for All Children, and
- 1989 Other Untaxed Income and Benefits.

For non-tax filers, Total Income is the sum of the following—

- Father's 1989 Income Earned from Work,
- Mother's 1989 Income Earned from Work,
- 1989 Untaxed Social Security Benefits,
- 1989 AFDC/ADC Benefits,
- 1989 Child Support Received for All Children, and
- 1989 Other Untaxed Income and Benefits.

If either parent is a dislocated worker, Total Income (in the full-data formula) is the sum of the following—

- Father's Expected 1990 Income from Work,
- Mother's Expected 1990 Income from Work,
- Parents' Expected 1990 Other Taxable Income, and
- Parents' Expected 1990 Untaxed Income and Benefits.

NOTE: If Total Income is negative, it is converted to zero.

Total Allowances
(Page 1 of Worksheet A)

The allowances listed below are deducted from Total Income to reserve a portion of income for expenses the family must meet, such as taxes, basic living costs, and unusual, nondiscretionary expenses (such as excess medical costs). The allowances provide a minimum level of support for the necessary expenses that affect a family's financial strength.

- U.S. Income Tax Paid

  For tax filers, this is the amount from the 1989 IRS Form 1040, line 47; 1040A, line 22; or 1040EZ, line 7. This amount should not include any F.I.C.A., self-employment, or other taxes, and is not the same as the amount of "Federal income tax withheld" from a W-2 Form. If either parent is a dislocated worker, substitute expected 1990 income tax for 1989 income tax paid in the full-data formula. Non-tax filers do not receive an allowance for U.S. Income Tax Paid.

- State and Other Tax Allowance (Table 1, Page 61)

  This allowance is a percentage of Parents' Total Income and approximates the average amount paid in State and other taxes. The percentage varies according to

the State and whether the parents' Total Income is below $15,000 or is $15,000 or more (see Table 1).

NOTE: The State to be used in Table 1 is the parents' State of legal residence reported on the application for Federal student aid. If this item is blank or invalid, the student's State of legal residence is used. If both are blank or invalid, the State in the student's mailing address is used. If all three are blank or invalid, the rate shown in Table 1 for a blank or invalid State is used (9% for Total Income below $15,000; 8% for Total Income of $15,000 or more).

- Social Security (F.I.C.A.) Taxes

The allowance for these taxes is 7.51 percent of the first $48,000 earned by each parent in 1989, not to exceed $3,605 for each working parent. The first $48,000 of each parent's earned income is multiplied by 7.51 percent. (Substitute expected 1990 income of *both* parents if *either* parent is a dislocated worker.) The allowance for Social Security taxes is never less than zero nor greater than $3,605 for one working parent or $7,210 for two working parents.

- Standard Maintenance Allowance (Table 2, Page 62)

This allowance is a provision for the basic living expenses of a family, which must be considered before any parental contribution for postsecondary education can be determined. The allowance varies according to family size and the number of family members enrolled in postsecondary education at least half time in 1990-91. The Standard Maintenance Allowance will never be less than zero.

- Employment Expense Allowance

Families that do not have the advantage of a nonemployed parent in the home (families with two working parents or one-parent families) have expenses that must be considered, such as housekeeping services, transportation, clothing and upkeep, and meals away from home. This allowance recognizes those extra expenses. For two working parents, the allowance is 35 percent of the lesser of the 1989 earned income of the father or mother, or $2,200, whichever is less. For one-parent families, the allowance is 35 percent of earned income, or $2,200, whichever is less. If either parent is a dislocated worker, substitute 35 percent of the lesser of the expected 1990 income of the father or mother, or $2,200, whichever is less. The Employment Expense Allowance is never less than zero.

- Medical/Dental Expenses *(not included in the Simplified Formula)*

This allowance is the portion of medical and dental expenses reported on the student aid application form that exceeds 5 percent of Total Income of parents. The medical/dental expenses reported on the application form should include only the amount the parents *paid* in 1989 for medical and dental expenses, including insurance premiums. Amounts covered by insurance should not be included in the

amount reported. If the Medical/Dental Expense Allowance is less than zero, set it to zero.

- Elementary, Junior High, and High School Tuition
  (not included in the Simplified Formula)

  An allowance is made for parents who paid tuition costs for their dependent children attending elementary and secondary school in 1989, not to exceed $3,980 multiplied by the number of dependents for whom tuition was paid. This limit is based on the national average per pupil instructional costs for a student attending a public elementary or secondary school. Thus, the allowance is limited to the amount it costs a taxpayer to send a student to public school. Any cost above the $3,980 limit per child is considered discretionary and is not allowed. If the amount reported is less than $3,980 per child, the reported amount is used in the formula. Tuition does not include room, board, books, or transportation. This amount must not include any tuition paid by scholarships, tuition for preschool or college, or tuition paid for the applicant.

Available Income
(Page 1 of Worksheet A)

Total Income minus Total Allowances equals "Available Income." This procedure assumes priorities for nondiscretionary expenses. The allowances include expenses that are required (taxes), necessary (basic living expenses), related to acquiring income (employment allowance), and unusual (excess medical costs and elementary or secondary tuition). Once a minimum level of support has been provided for those expenses, parents may use the remaining income for discretionary purposes, including paying for a postsecondary education.

TREATMENT OF PARENTS' ASSETS—INCOME SUPPLEMENT

In the full-data formula, the assets of parents of a dependent student must be considered in the determination of the family's total financial strength in order to fully measure a family's ability to contribute toward postsecondary educational costs. For example, a strong net asset position indicates that essential assets have already been accumulated, or at least partly accumulated, and a family could thus contribute more from its current income. The family's reserve of assets would also be a potential source of supplemental income.

On the other hand, families with incomes insufficient to accumulate assets may need to have a portion of income reserved to provide security for such purposes as retirement or emergencies. These families would not have the extra income potential that assets provide.

Finally, there may be families with sufficient incomes who, for whatever reasons, have not accumulated assets. These families are considered able to provide for their future needs from their current income and, therefore, no additional portion of that income need be reserved.

To decide which of the above assumptions best describes a family's circumstances, the formula evaluates the family's asset situation and determines an "Income Supplement," an amount that is combined with Available Income to give an accurate picture of the family's financial strength.

***Net Worth** (Not Included in the Simplified Formula)*
(Page 1 of Worksheet A)

The first step in determining the Income Supplement is to determine "Net Worth," which is the sum of the following parental assets:

- Cash on hand, as well as amounts in savings and checking accounts,
- Net worth of home* (Home value minus Home Debt),
- Net worth of other real estate and investments** (Other Real Estate/Investment Value minus Other Real Estate/Investment Debt), and
- Net worth of a business or farm** (Business/Farm Value minus Business/Farm Debt), adjusted to protect a portion of the net worth of these assets (see Business/Farm Net Worth Adjustment, Table 3, on page 62).

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* Any negative amount is converted to zero. If either parent is a dislocated worker or a displaced homemaker, the net worth of the parents' home is considered to be zero .

** Any negative amounts are converted to zero.

Note that consumer goods such as automobiles, household furnishings, and appliances—and the debts against them—are not considered in determining assets.

Note also that no distinction is made between liquid and nonliquid assets in determining their effect on the family's financial strength. The assumption is that even if an asset cannot be converted to cash, it can be used as collateral for a loan. Just as income is treated equally (whether its source is employment, investments, or benefits), so too are assets, regardless of their sources.

Asset Protection Allowance *(Not Included in the Simplified Formula)*
(Page 1 of Worksheet A and Table 4, Page 63)

As is the case with income, a portion of assets (Net Worth) is protected. Families use their assets for a variety of reasons other than paying for a postsecondary education, such as retirement or emergencies. The "Asset Protection Allowance" (Table 4) is subtracted from Net Worth to protect a portion of the family assets for those other purposes.

The allowances for ages 40 through 65 approximate the present cost of an annuity which, when combined with Social Security benefits, would provide at age 65 a moderate level of living for a retired couple or single person. As shown in Table 4, the allowance increases with the age of the older parent to indicate the cost of purchasing such an annuity at a given age.

Discretionary Net Worth
(Page 1 of Worksheet A)

Net Worth minus the Asset Protection Allowance equals "Discretionary Net Worth," which is multiplied by the appropriate "Asset Conversion Rate" (Table 5, page 64) to determine the parents' contribution from assets, or "Income Supplement."

Asset Conversion Rate
(Page 1 of Worksheet A and Table 5 on page 62)

Discretionary Net Worth (greater than $0) indicates that a family has accumulated enough assets to provide a moderate level of living for retirement, regardless of the amount of its Available Income. A family in this position is considered to have enough assets to be able to convert a portion to income. Therefore, 12 percent of this Discretionary Net Worth is converted to a positive Income Supplement. The 12 percent rate is the annual expected return on, or appreciation of, a family's assets.

A negative Discretionary Net Worth (less than $0) indicates that assets sufficient to provide a moderate level of living for retirement have not been accumulated, and the result is an asset deficiency. In these cases, the Asset Conversion Rate varies and depends on the amount of the family's Available Income:

- If Available Income is $0 or less, the Asset Conversion Rate is 6 percent. The 6 percent rate is the estimated annual rate of saving that would be required to accumulate assets for retirement.

- If Available Income is at least $1 but below $16,000, the Asset Conversion Rate is calculated according to the formula in Table 5 on page 64. This formula is:

$$\frac{\$16{,}000 - \text{Available Income}}{16{,}000} \times 6\%$$

  The effect of this formula is that the Asset Conversion Rate decreases from 6 percent to 0 as the level of Available Income increases.

  Each computed rate is rounded to three decimal points. Because of rounding, if Available Income is $133 or less, the Asset Conversion Rate as computed will be 6 percent. If Available Income is $15,867 or more, the Asset Conversion Rate will be 0. Note that when the level of Available Income is any amount (including a negative amount) below $16,000, multiplying the Asset Conversion Rate by the negative Discretionary Net Worth results in a negative Income Supplement.

- If Available Income equals or exceeds $16,000, it is assumed there was enough income to accumulate assets, but that this opportunity was not taken. In these cases, the Asset Conversion Rate is zero, which means the negative Discretionary Net Worth is converted to an Income Supplement of zero.

Income Supplement
(Page 1 of Worksheet A)

Multiplying the Discretionary Net Worth by the Asset Conversion Rate from Table 5 equals the "Income Supplement," which represents the portion of the value of parents' assets that may be considered to be available to help pay for the student's postsecondary education. The Income Supplement may be positive, negative, or zero, depending on the family's Discretionary Net Worth and its Available Income. If Discretionary Net Worth is positive, the Income Supplement will be positive, regardless of the amount of Available Income. If Discretionary Net Worth is negative, the Income Supplement will be either negative or zero, depending on Available Income. If Available Income is below $16,000, the Income Supplement will be negative. If Available Income is $16,000 or more, the Income Supplement will be zero.

PARENTS' CONTRIBUTION

Adjusted Available Income
(Page 1 of Worksheet A)

The Income Supplement is combined with Available Income to produce "Adjusted Available Income." A positive Income Supplement increases the income the family has available for discretionary purposes. A negative Income Supplement offsets a portion of Available Income so that the family can accumulate assets. A zero Income Supplement means that there is no offset because the family is considered to have enough income to provide for its future needs. Adjusted Available Income, which is money available for all discretionary purposes, represents the most accurate picture of the parents' financial strength and is the basis of the Total Parents' Contribution. Adjusted Available Income may be a negative number.

Total Parents' Contribution from Adjusted Available Income
(Page 1 of Worksheet A and Table 6 on Page 64)

The "Total Parents' Contribution from AAI" is calculated from the amounts and rates in Table 6, and is the total amount parents are expected to contribute toward their family's postsecondary educational costs. The rates in Table 6 increase from 22 to 47 percent as the Adjusted Available Income increases. The rate is based on the principle that as income increases beyond the amount needed to maintain a basic standard of living, the portion used for family maintenance decreases, while the portion available for discretionary purposes increases. Therefore, a progressively larger amount of income may be contributed toward postsecondary educational costs with less effect on the maintenance of the family.

Note that for families with very low incomes, the Total Parents' Contribution from AAI will decrease from $0 to -$750. Any negative contributions should be used only to rank the neediest students for purposes of packaging awards. Federal student aid funds cannot be used to cover a negative contribution, since this would constitute aid to the parents rather than to the students.

Parents' Contribution for the Student
(Page 1 of Worksheet A)

To determine the contribution for an individual student, the Total Parents' Contribution (above) is divided by the number of family members who will be enrolled in postsecondary institutions at least half time in 1990-91, including the parent(s) if applicable. If the Parents' Contribution for the Student is less than zero, it must be set to zero.

As discussed previously, the standard Parents' Contribution is for a 9-month enrollment period. If the student will be enrolled for less or more than 9 months, the Parents' Contribution is adjusted accordingly; there is no adjustment to the dependent student's own

contribution. For an enrollment of *less* than 9 months, the Parents' Contribution is simply reduced proportionally—1/9 for each month of enrollment less than 9 months; for an enrollment of *more* than 9 months, the Parents' Contribution is calculated by adjusting the standard 9-month formula, beginning with the parents' Adjusted Available Income (see page 3 of Worksheet A).

TREATMENT OF STUDENT INCOME

As in the case of parental income, generally the income considered is an amount equal to the income received during the calendar year preceding the academic year for which aid is requested. For the 1990-91 award year, an amount equal to the student's (and spouse's) calendar year 1989 income is used in the student portion of the FC calculation. However, if either the student or spouse is a dislocated worker, the expected 1990 income of both student and spouse is used in the FC calculation.

In calculating the dependent student contribution from income, the allowances are subtracted from *Total Income*, but the State and Local Income Tax Allowance must be calculated based on the *Taxable Income*. Therefore, it is necessary to determine both Taxable Income and Total Income at the beginning of the calculation.

Taxable Income
(Page 2 of Worksheet A)

For tax filers, Taxable Income is:

- 1989 Income from a U.S. Income Tax Form (Adjusted Gross Income—Income form IRS Form 1040, line 31, 1040A, line 13, or 1040EZ, line 3).

For non-tax filers, Taxable Income is the sum of the following:

- Student's 1989 Income Earned from Work, and
- Spouse's 1989 Income Earned from Work.

If student or spouse is a dislocated worker, Taxable Income is the sum of the following:

- Student's Expected 1990 Income from Work,
- Spouse's Expected 1990 Income from Work, and
- Student and Spouse's Expected 1990 Other Taxable Income.

Total Income
(Page 2 of Worksheet A)

"Total Income" is the combination of the student's and spouse's taxable income and untaxed income and benefits.

For tax filers, Total Income is the sum of the following—

- 1989 Income from a U.S. Income Tax Form (Adjusted Gross Income—Income from IRS Form 1040, line 31, 1040A, line 13, or 1040EZ, line 3),
- 1989 Untaxed Social Security Benefits, and
- 1989 Other Untaxed Income and Benefits.

For non-tax filers, Total Income is the sum of the following—

- Student's 1989 Income Earned from Work,
- Spouse's 1989 Income Earned from Work,
- 1989 Untaxed Social Security Benefits, and
- 1989 Other Untaxed Income and Benefits.

If student or spouse is a dislocated worker, Total Income (in the full-data formula) is the sum of the following—

- Student's Expected 1990 Income from Work,
- Spouse's Expected 1990 Income from Work,
- Student and Spouse's Expected 1990 Other Taxable Income, and
- Student and Spouse's Expected 1990 Untaxed Income and Benefits.

NOTE: If Total Income is negative, it is converted to zero.

Total Allowances
(Page 2 of Worksheet A)

The allowances listed below are deducted from Total Income—

- U.S. Income Tax Paid

  For tax filers, this is the amount from IRS Form 1040, line 47; 1040A, line 22; or 1040EZ, line 7. This amount should not include any F.I.C.A., self-employment, or other taxes, and is not the same as the amount of "Federal income tax withheld"

from a W-2 Form. If the student or spouse is a dislocated worker, substitute expected 1990 income tax for 1989 income tax paid in the full-data formula. Non-tax filers do not receive this allowance.

- State and Local Tax Allowance (Table 7, page 65)

  This allowance is a percentage of *Taxable Income* of student and spouse (see page 21) and varies according to the State.

  The State to be used in calculating the State and Local Tax Allowance is the student's State of legal residence reported on the application for Federal student aid. If that item is blank or invalid, the State in the student's mailing address is used. If the State in the student's mailing address is blank or invalid, the parents' State of legal residence is used. If all three items are blank or invalid, the rate for a blank or invalid State in Table 7 is used (4 percent).

- Social Security (F.I.C.A.) Taxes

  The allowance for these taxes is 7.51 percent of the first $48,000 earned by the student in 1989 and 7.51 percent of the first $48,000 earned by the student's spouse in 1989, not to exceed $3,605 for each. (If *either* student or spouse is a dislocated worker, substitute expected 1990 income of *both* student and spouse in the full-data formula.) The allowance for Social Security taxes will never be less than zero nor greater than $3,605 for a single student or $7,210 for a student and spouse.

Available Income (AI) and Student Contribution From AI
(Page 2 of Worksheet A)

Total Income of Student and Spouse minus Total Allowances equals "Available Income," which is assessed at a rate of 70 percent to give the "Student Contribution from Available Income."

Minimum Student Contribution From Income
(Page 2 of Worksheet A)

There is a minimum student contribution from income of $700 for first year undergraduates, or $900 for all other students. Therefore, the Student Contribution from AI calculated in the step above must be compared to the minimum student contribution of $700 or $900; the greater of the two amounts—(1) $700/$900 or (2) 70 percent of AI—is the Student Contribution From Income.

TREATMENT OF STUDENT/SPOUSE ASSETS—INCOME SUPPLEMENT

The Student/Spouse Assets are treated in the same manner in the full-data formula as the parents' assets with three exceptions—there is no adjustment to the Net Worth of the Business/Farm, no Asset Protection Allowance, and a single assessment rate of 35 percent is applied to net worth.

***Net Worth** (Not Included in the Simplified Formula)*
(Page 2 of Worksheet A)

The "Net Worth" of student and spouse is the sum of the following assets:

- Cash on hand, as well as amounts in savings and checking accounts,
- Net worth of home* (Home Value minus Home Debt),
- Net worth of other real estate and investments** (Other Real Estate/Investment Value minus Other Real Estate/Investment Debt, and
- Net worth of a business or farm** (Business/Farm Value minus Business/Farm Debt).

Assessment of Net Worth
(Page 2 of Worksheet A)

The Net Worth of the student/spouse is multiplied by the assessment rate of 35 percent to give the "Student Income Supplement," which represents the portion of the student/spouse assets that may be considered to be available to help pay for the student's education.

FAMILY CONTRIBUTION

The final step in the FC formula for the dependent student is to add the Parents' Contribution for the Student, the Student Contribution from Income, and the Student Income Supplement. The result is the FAMILY CONTRIBUTION.

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* Any negative amount is converted to zero. If the student or spouse is a dislocated worker or a displaced homemaker, the net worth of a home belonging to the student and spouse is considered to be zero.

** Any negative amounts are converted to zero.

FORMULA "B"
FOR AN INDEPENDENT STUDENT WITHOUT DEPENDENTS

See Worksheets on Pages 51-53 and Tables on Pages 61-66

TREATMENT OF STUDENT INCOME

The standard Family Contribution for an independent student without dependents is the amount of funds considered available to the student to pay for direct and indirect postsecondary educational costs for the 9-month academic year. An adjustment for less or more than 9 months enrollment is made by adjusting the following individual data items within the standard 9-month formula—veterans educational benefits and the maintenance allowance.

The taxable and untaxed income to be considered in the FC calculation is an amount equal to the income received during the calendar year preceding the academic year for which aid is requested. For the 1990-91 award year, an amount equal to the student's calendar year 1989 income is used in the FC calculation. However, in the full-data formula, if the student is a dislocated worker, the expected 1990 income is used in the FC calculation for taxable and untaxed income.

In the formula for the independent student without dependents, the allowances are subtracted from *Taxable Income*, but the State and Local Tax Allowance must be calculated based on the *Total Income*. Therefore, it is necessary to determine both Taxable Income and Total Income at the beginning of the calculation.

Taxable Income

For tax filers, Taxable Income is:

- 1989 Income from a U.S. Income Tax Form (Adjusted Gross Income—Income from IRS Form 1040, line 31, 1040A, line 13, or 1040EZ, line 3).

For non-tax filers, Taxable Income is the sum of the following:

- Student's 1989 Income Earned from Work, and
- Spouse's 1989 Income Earned from Work.

If student or spouse is a dislocated worker, Taxable Income is the sum of the following:

- Student's Expected 1990 Income from Work,
- Spouse's Expected 1990 Income from Work, and
- Student and Spouse's Expected 1990 Other Taxable Income.

Total Income

"Total Income" is the sum of the student's taxable income and untaxed income and benefits.

For tax filers, Total Income is the sum of the following—

- 1989 Income from a U.S. Income Tax Form (Adjusted Gross Income—Income from IRS Form 1040, line 31, 1040A, line 13, or 1040EZ, line 3),
- 1989 Untaxed Social Security Benefits, and
- 1989 Other Untaxed Income and Benefits.

For non-tax filers, Total Income is the sum of the following—

- Student's 1989 Income Earned from Work,
- 1989 Untaxed Social Security Benefits, and
- 1989 Other Untaxed Income.

If student is a dislocated worker, Total Income (in the full-data formula) is the sum of the following—

- Student's Expected 1990 Income from Work,
- Student's Expected 1990 Other Taxable Income, and
- Student's Expected 1990 Untaxed Income.

NOTE: If Total Income is negative, it is converted to zero.

Total Allowances

The allowances listed below are deducted from *Taxable Income* (see page 25), not from *Total Income*.

- U.S. Income Tax Paid

  For tax filers, this is the amount from IRS Form 1040, line 47; 1040A, line 22; or 1040EZ, line 7. This amount should not include any F.I.C.A., self-employment, or other taxes, and is not the same as the amount of "Federal income tax withheld" from a W-2 Form. If student is a dislocated worker, substitute expected 1990 income tax in place of 1989 income tax paid in the full-data formula. Non-tax filers do not receive this allowance.

- State and Local Tax Allowance (Table 7, Page 65)

  This allowance is a percentage of the student's *Total Income* (see page 26) and varies according to the State. The State to be used in Table 7 is the student's State of legal residence reported on the application for Federal student aid. If this Item is blank or invalid, the State in the student's mailing address is used. If both items are blank or invalid, the rate for a blank or invalid State is used (4 percent).

- Social Security (F.I.C.A.) Taxes

  The allowance for these taxes is 7.51 percent of the first $48,000 earned in 1989 by the student, not to exceed $3,605. (If student is a dislocated worker, substitute expected 1990 income.)

- Maintenance Allowance

  The law provides for a Maintenance Allowance of $600 per month for periods of nonenrollment. The standard FC formula assumes a 9-month academic year enrollment with 3 months of nonenrollment, resulting in a $1,800 Maintenance Allowance. If the student will be enrolled for less or more than 9 months, the allowance is adjusted by multiplying $600 by the number of months of nonenrollment. For example, the Maintenance Allowance would be $0 for 12 months enrollment (zero months of nonenrollment), or $2,400 for 8 months of enrollment (4 months of nonenrollment).

Available Taxable Income (ATI)
and Student Contribution From Taxable Income (CTI)

Taxable Income of Student minus Total Allowances equals "Available Taxable Income." The "Contribution from Taxable Income" is determined by assessing the ATI as shown below:

- If ATI is less than zero, multiply ATI by 100%.
- If ATI is $0 to $9,500, multiply ATI by 70%.
- If ATI is $9,501 or more, CTI is $6,650 plus 90% of ATI over $9,500.

Veterans Educational Benefits
(not included in the Simplified Formula)

Because the standard FC formula assumes a 9-month enrollment, the veterans educational benefits to be considered in the formula are the benefits the student expects to receive during the 9-month academic year from the G.I. Bill and the Dependents Educational Assistance Program, as well as those from the Veterans Administration Contributory Benefits (VEAP) Program. The amount of benefits is determined by multiplying the amount of benefits received by the number of months the benefits are received. For the standard 9-month formula, the number of months benefits will be received must not exceed 9. If the student is enrolled for less or more than 9 months, the benefits are adjusted by multiplying the monthly amounts of the benefits by the lesser of the number of months enrolled or the number of months reported.

Computed Contribution From Income
and Minimum Contribution From Income

The "Computed Contribution from Income" is the sum of the Contribution from Taxable Income, Untaxed Income, and Veterans Educational Benefits. The Computed Contribution from Income must be compared to the "Minimum Contribution from Income" of $1,200, and the greater amount is the "Student Contribution from Income."

TREATMENT OF STUDENT ASSETS—INCOME SUPPLEMENT

In the full-data formula, the assets of an independent student are treated in the same manner as the assets of the parents of a dependent student.

Net Worth
(Not Included in the Simplified Formula)

The "Net Worth" of student is the sum of the following assets:

- Cash on hand, as well as amounts in savings and checking accounts,
- Net worth of home* (Home Value minus Home Debt),
- Net worth of other real estate and investments** (Other Real Estate/ Investment Value minus Other Real Estate/Investment Debt), and
- Net worth of a business or farm** (Business/Farm Value minus Business/Farm Debt), adjusted to protect the earning capacity of these assets and to preclude double taxation of the income earned (see Business/Farm Net Worth Adjustment, Table 3 on page 62).

Asset Protection Allowance
(Not Included in the Simplified Formula)

The "Asset Protection Allowance" (Table 8 on page 66) is subtracted from the Net Worth to protect a portion of the independent student's assets. The allowance increases with the age of the student as of December 31, 1990, which may be determined from the student's date of birth. The rationale for the allowance is the same as for the parents of a dependent student—to protect a portion of assets that may be needed for a purpose other than to pay for a postsecondary education, such as emergencies or retirement.

Discretionary Net Worth and Income Supplement

Net Worth minus the Asset Protection Allowance equals "Discretionary Net Worth," which may be less than zero. The Discretionary Net Worth is multiplied by the assessment rate of 35 percent, resulting in the "Income Supplement," which is the student's contribution from assets. If the Income Supplement is a negative amount, adjust to zero.

FAMILY CONTRIBUTION

The final step in the FC formula for the independent student with no dependents is to add the Student Contribution from Income, and the Student Income Supplement. The result is the FAMILY CONTRIBUTION.

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* Any negative amount is converted to zero. If the student is a dislocated worker or a displaced homemaker, the net worth of a home belonging to the student is considered to be zero.

** Any negative amounts are converted to zero.

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FORMULA "C"

FOR AN INDEPENDENT STUDENT WITH DEPENDENT(S)

See Worksheets on Pages 55-58 and Tables on pages 61-66

The FC formula for the independent student with dependent(s) (including a spouse) is very similar to the formula for the parents of a dependent student, except that formula C includes the student's veterans' educational benefits and includes a minimum available income of $700 for first year undergraduates who have never attended college or $900 for all other students.

TREATMENT OF STUDENT/SPOUSE INCOME

Generally, the student /spouse income considered in the FC calculation is an amount equal to the income received during the calendar year preceding the academic year for which aid is requested. For the 1990-91 award year, an amount equal to the student's (and spouse's) calendar year 1989 income is used in the FC calculation. In most cases, prior year income is more reliable because it can be verified easily by comparing it with the U.S. income tax return or payroll receipts. However, if *either* the student or spouse is a dislocated worker, the expected 1990 income of *both* student and spouse is used in the full-data formula to calculate the FC.

Total Income

"Total Income" is the combination of the student's and spouse's taxable income and untaxed income and benefits. Untaxed income and benefits are included because they may have a considerable effect on the family's financial strength and, in some cases, may be the family's main support.

For tax filers, Total Income is the sum of the following—

- 1989 Income from a U.S. Income Tax Form (Adjusted Gross Income—Income from IRS Form 1040, line 31, 1040A, line 13, or 1040EZ, line 3),
- 1989 Untaxed Social Security Benefits,
- 1989 AFDC/ADC Benefits,
- 1989 Child Support Received for All Children, and
- 1989 Other Untaxed Income and Benefits.

For non-tax filers, Total Income is the sum of the following—

- Student's 1989 Income Earned from Work,
- Spouse's 1989 Income Earned from Work,
- 1989 Untaxed Social Security Benefits,
- 1989 AFDC/ADC Benefits,
- 1989 Child Support Received, and
- 1989 Other Untaxed Income.

If either student or spouse is a dislocated worker, Total Income (in the full-data formula) is the sum of the following—

- Student's Expected 1990 Income from Work,
- Spouse's Expected 1990 Income from Work,
- Student and Spouse's Expected 1990 Other Taxable Income, and
- Student and Spouse's Expected 1990 Untaxed Income and Benefits.

NOTE. If Total Income is negative, it is converted to zero.

Total Allowances

The allowances listed below are deducted from Total Income to reserve a portion of income for expenses the family must meet, such as taxes, basic living costs, and unusual, non-discretionary expenses. The allowances provide a minimum level of support for the necessary expenses that affect a family's financial strength.

- 1989 U.S. Income Tax Paid

  For tax filers, this is the amount from the 1989 IRS Form 1040, line 47; 1040A, line 22; or 1040EZ, line 7. This amount should not include any F.I.C.A., self-employment, or other taxes, and is not the same as the amount of "Federal income tax withheld" from a W-2 Form. If either student or spouse is a dislocated worker, substitute expected 1990 income tax for 1989 income tax paid in the full-data formula. Non-tax filers do not receive this allowance.

- State and Other Tax Allowance (Table 1, Page 61)

  This allowance is a percentage of Student/Spouse Total Income and approximates the average amount paid in State and local income taxes and in property, sales, and excise taxes. The percentage varies according to the State and whether the Student/Spouse Total Income is below $15,000 or is $15,000 or more (see Table 1).

  The State used is the student's State of legal residence reported on the application for Federal student aid. If this item is blank or invalid, the State in the student's mailing address is used. If both are blank or invalid, the rate for a blank or invalid State in Table 1 is used.

- Social Security (F.I.C.A.) Taxes

  The allowance for these taxes is 7.51 percent of the first $48,000 earned by the student in 1989 and 7.51 percent of the first $48,000 earned by the student's spouse in 1989, not to exceed $3,605 for each. (If *either* student or spouse is a dislocated worker, substitute expected 1990 income for *both* student and spouse.) The Social Security Tax Allowance will never be less than zero nor greater than $7,210 if both student and spouse had earned income.

- Standard Maintenance Allowance (Table 2, Page 62)

  This allowance is a provision for the basic living expenses of a family, which must be considered before any contribution for postsecondary education can be determined. The allowance varies according to family size and the number of family members enrolled in postsecondary education at least half time in 1990-91. The Standard Maintenance Allowance will never be less than zero.

- Employment Expense Allowance

  There are expenses that occur as a result of employment, such as housekeeping services, transportation, clothing and upkeep, and meals away from home. This allowance recognizes those extra expenses. When both the student and spouse work, the allowance is 35 percent of the lesser of the student's income or spouse's income in 1989, but may not exceed $2,200. If the student is a single parent, the allowance is 35 percent of earned income of the student in 1989, or $2,200, whichever is less. (If either the student or spouse is a dislocated worker, substitute 35 percent of the lesser of the student's income or spouse's income in 1990—not to exceed $2,200.) The Employment Expense Allowance will never be less than zero.

- Medical/Dental Expenses (not included in the Simplified Formula)

  This allowance is the portion of medical and dental expenses reported on the application for Federal student aid that exceeds 5 percent of Total Income of Student and Spouse. The amount reported on the application should include only the amount the student and spouse paid in 1989 for medical and dental expenses, including insurance premiums; amounts covered by insurance should not be included in the amount reported. If the Medical/Dental Expense Allowance is less than zero, set to zero.

- Elementary, Junior High, and High School Tuition
  (not included in the Simplified Formula)

  An allowance is made for students who paid tuition costs in 1989 for their dependent children attending elementary and secondary school in 1989, not to exceed $3,980 multiplied by the number of dependents for whom tuition was paid. This limit is based on the national average per pupil instructional costs for a student attending a public elementary or secondary school. Thus, the allowance is limited to the amount it costs a taxpayer to send a student to public school. Any cost above the $3,980 limit per child is considered discretionary and is not allowed. Tuition does not include room, board, books, or transportation. This amount must not include any tuition paid by scholarships, tuition for preschool or college, or tuition paid for the applicant.

Computed Available Income and Minimum Available Income

Total Income minus Total Allowances equals "Computed Available Income." This procedure assumes priorities for nondiscretionary expenses. From Total Income are subtracted expenses that are required (taxes), necessary (basic living expenses), related to acquiring income (employment allowance), and unusual (excess medical costs and

elementary or secondary tuition). Once a minimum level of support has been provided for those expenses, the student may use the remaining income for discretionary purposes, including paying for a postsecondary education. However, the formula requires a "Minimum Available Income" of at least $700 for first year undergraduates who have never previously attended college or $900 for all other students. If the Calculated Available Income is less than that amount, the $700 or $900 amount must be used instead of the calculated amount.

Veterans Educational Benefits
(Not Included in the Simplified Formula)

Because the FC formula assumes a 9-month enrollment, the veterans educational benefits to be considered in the formula are the benefits the student expects to receive during the 9-month academic year from the G.I. Bill and the Dependents Educational Assistance Program, as well as those from the Veterans Administration Contributory Benefits (VEAP) Program. The total amount of benefits is determined by multiplying the amount of benefits received per month by the number of months the benefits are received, not to exceed 9 months (unless the FC is being calculated for an enrollment of more or less than 9 months).

TREATMENT OF STUDENT/SPOUSE ASSETS—INCOME SUPPLEMENT

In the full-data formula, assets must be considered in the determination of the family's total financial strength to fully measure a family's ability to contribute toward postsecondary educational costs. For example, a strong net asset position indicates that essential assets have already been accumulated, or at least partly accumulated, and a family could thus contribute more from its current income. The family's reserve of assets would also be a potential source of supplemental income.

On the other hand, families with incomes insufficient to accumulate assets may need to have a portion of income reserved to provide security for such purposes as retirement or emergencies. These families would not have the extra income potential that assets provide.

Finally, there may be families with sufficient incomes who, for whatever reasons, have not accumulated assets. These families are considered able to provide for their future needs from their current income and, therefore, no portion of that income need be reserved.

To decide which of the above assumptions best describes a family's circumstances, the formula evaluates the family's asset situation and determines an "Income Supplement," an amount that is combined with Available Income and veterans educational benefits to give an accurate picture of the family's financial strength.

Net Worth
(Not Included in the Simplified Formula)

The first step in determining the Income Supplement is to determine "Net Worth," which is the sum of the following assets of student and spouse:

- Cash on hand, as well as amounts in savings and checking accounts,
- Net worth of home* (Home value minus Home Debt),
- Net worth of other real estate and investments** (Other Real Estate/Investment Value minus Other Real Estate/Investment Debt), and
- Net worth of a business or farm** (Business/Farm Value minus Business/Farm Debt), adjusted to protect the earning capacity of these assets and to preclude double taxation of the income earned (see Business/Farm Net Worth Adjustment, Table 3, page 62).

Note that consumer goods such as automobiles, household furnishings, and appliances—and the debts against them—are not considered in determining assets.

Note also that no distinction is made between liquid and nonliquid assets in determining their effect on the family's financial strength. The assumption is that even if an asset cannot be converted to cash, it can be used as collateral for a loan. Just as income is treated equally (whether its source is employment, investments, or benefits), so too are assets, regardless of their sources.

Asset Protection Allowance
(Table 9 on Page 66) (Not Included in the Simplified Formula)

As is the case with income, a portion of assets (Net Worth) is protected. Families use their assets for a variety of reasons other than paying for a postsecondary education, such as retirement or emergencies. The "Asset Protection Allowance" (Table 9) is subtracted from Net Worth to protect a portion of assets for those other purposes.

The allowances for ages 40 through 65 approximate the present cost of an annuity which, when combined with Social Security benefits, would provide at age 65 a moderate level of living for a retired couple or single person. As shown in Table 9, the allowance increases with the student's age as of December 31, 1990, which may be determined from the student's date of birth. The allowance indicates the cost of purchasing such an annuity at a given age. Although the allowance is based on an annuity model, it is intended to provide a consistent method of deriving protection for all assets.

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* Any negative amount is converted to zero. If either parent is a dislocated worker or a displaced homemaker, the net worth of the parents' home is considered to be zero.

** Any negative amounts are converted to zero.

Discretionary Net Worth

Net Worth minus the Asset Protection Allowance equals "Discretionary Net Worth," which is multiplied by the appropriate "Asset Conversion Rate" (Table 5) to determine the student/spouse contribution from assets, or "Income Supplement."

Asset Conversion Rate
(Table 5 on Page 64)

Discretionary Net Worth (greater than $0) indicates that a family has accumulated enough assets to provide a moderate level of living for retirement, regardless of the amount of its Available Income. A family in this position is considered to have enough assets to be able to convert a portion to income. Therefore, 12 percent of this Discretionary Net Worth is converted to a positive Income Supplement. The 12 percent rate is the annual expected return on, or appreciation of, a family's assets.

A negative Discretionary Net Worth (less than $0) indicates that assets sufficient to provide a moderate level of living for retirement have not been accumulated, and the result is an asset deficiency. In these cases, the Asset Conversion Rate varies and depends on the amount of the family's Available Income:

- If Available Income is $0 or less, the Asset Conversion Rate is 6 percent. The 6 percent rate is the estimated annual rate of saving that would be required to accumulate assets for retirement.

- If Available Income is at least $1 but below $16,000, the Asset Conversion Rate is calculated according to the formula in Table 5. This formula is:

$$\frac{\$16{,}000 - \text{Available Income}}{16{,}000} \times 6\%$$

  The effect of this formula is that the Asset Conversion Rate decreases from 6 percent to 0 as the level of Available Income increases.

  Each computed rate is rounded to three decimal points. Because of rounding, if Available Income is $133 or less, the Asset Conversion Rate will be 6 percent. If Available Income is $15,867 or more, the Asset Conversion Rate will be 0. Note that when the level of Available Income is any amount (including a negative amount) below $16,000, multiplying the Asset Conversion Rate by the negative Discretionary Net Worth results in a negative Income Supplement.

- If Available Income equals or exceeds $16,000, it is assumed there was enough income to accumulate assets, but that this opportunity was not taken. In these cases, the Asset Conversion Rate is zero, which means the negative Discretionary Net Worth is converted to an Income Supplement of zero.

Income Supplement

Multiplying the Discretionary Net Worth by the Asset Conversion Rate equals the "Income Supplement," which represents the portion of the value of student/spouse assets that may be considered to be available to help pay for the student's postsecondary education. The Income Supplement may be positive, negative, or zero, depending on the family's Discretionary Net Worth and its Available Income. If Discretionary Net Worth is positive, the Income Supplement will be positive, regardless of the amount of Available Income. If Discretionary Net Worth is negative, the Income Supplement will be either negative or zero, depending on Available Income. If Available Income is below $16,000, the Income Supplement will be negative. If Available Income is $16,000 or more, the Income Supplement will be zero.

FAMILY CONTRIBUTION

Adjusted Available Income

The sum of the Available Income, Income Supplement, and Veterans Educational Benefits equals the "Adjusted Available Income." A positive Income Supplement increases the income the family has available for discretionary purposes. A negative Income Supplement offsets a portion of Available Income so that the family can accumulate assets. A zero Income Supplement means that there is no offset because the family is considered to have enough income to provide for its future needs.

Adjusted Available Income (AAI), which is money available for all discretionary purposes, represents the most accurate picture of the financial strength of the family and is the basis of the Total Contribution from AAI. Adjusted Available Income may be a negative number.

Total Contribution From Adjusted Available Income

(Table 6 on Page 64)

The "Total Contribution from AAI" is calculated from the amounts and rates in Table 6, and is the total amount student and spouse are expected to contribute toward the student's postsecondary educational costs. The rates in Table 6 increase from 22 to 47 percent as the Adjusted Available Income increases. The rate is based on the principle that as income increases beyond the amount needed to maintain a basic standard of living, the portion used for family maintenance decreases, while the portion available for discretionary purposes increases. Therefore, a progressively larger amount of income may be contributed toward postsecondary educational costs with less effect on the maintenance of the family. If the Total Contribution from AAI is a negative amount, change it to zero.

Family Contribution for the Student

To determine the Family Contribution for the individual student, the Total Contribution from AAI (above) is divided by the number of family members who will be enrolled in postsecondary institutions at least half time in 1990-91. The result is the FAMILY CONTRIBUTION for the student.

As discussed previously, the standard Family Contribution is for a 9-month enrollment period. The worksheets on pages 56 and 58 are provided for the convenience of financial aid administrators, who may elect to use these alternate FC calculations for students who are enrolled for other than a 9-month academic year. These alternate FC calculations are modeled on the alternate FC calculations for a dependent student. Using the model for an enrollment of *less* than 9 months, the Family Contribution would be reduced proportionally—1/9 for each month of enrollment less than 9 months; using the model for an enrollment of *more* than 9 months, the Family Contribution would be calculated by adjusting the standard 9-month formula, beginning with the Adjusted Available Income (see page 2 of Worksheet C).

WORKSHEETS

1990-91 FAMILY CONTRIBUTION FORMULA FOR A DEPENDENT STUDENT

REGULAR WORKSHEET Page 1 of 3 **A**

PARENTS' INCOME

1. Taxable Income (Fill in only one section—a or b or c)

a. Tax Filers Only (Neither Parent is a Dislocated Worker)

Parents' 1989 Income from U.S. Income Tax Form — a

b. Non-Tax Filers Only (Neither Parent is a Dislocated Worker)

Father's 1989 Income earned from Work

Mother's 1989 Income earned from Work +

Total 1989 Taxable Income = b

c. A Parent is a Dislocated Worker

Father's Expected 1990 Income from Work

Mother's Expected 1990 Income from Work +

Parent's 1990 Other Taxable Income +

Total 1990 Taxable Income = c

Taxable Income (from a OR b OR c) — 1d

2. Untaxed Income (Fill in only one section—a or b)

a. Neither Parent is a Dislocated Worker

Total 1989 Untaxed Income and Benefits: (Social Security Benefits + AFDC/ADC + Child Support Received + Other Untaxed Income) = a

b. A Parent is a Dislocated Worker

Expected 1990 Untaxed Income and Benefits — b

Untaxed Income (amount from a OR b) — 2c

TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)

ALLOWANCES AGAINST PARENTS' INCOME

1989 U.S. Income Tax Paid* (For tax filers only) Use amount reported; if negative, enter zero.

State and Other Tax Allowance (Table 1) +

Social Security Taxes:

a. 7.51% of father's income from work, not to exceed $3,605 +

b. 7.51% of mother's income from work, not to exceed $3,605 +

Standard Maintenance Allowance (Table 2) +

Employment Expense Allowance:

(Two working parents: 35% of the lesser of the earned incomes , or $2,200, whichever is less. One-parent families: 35% of earned income, or $2,200, whichever is less) +

Medical/Dental Expenses: (The portion that exceeds 5% of Total Income of Parents) +

Elem./Jr. High/Sr. High Tuition: (The lesser of amount reported or $3,980 multiplied by no. of dependents for whom tuition was paid) +

TOTAL ALLOWANCES =

* If using 1990 taxable income (Line 1c), also use 1990 U.S. income tax to be paid instead of 1989 U.S. income tax paid.

AVAILABLE INCOME

Total Income

Total Allowances -

AVAILABLE INCOME (May be a negative number) =

PARENTS' ASSETS - INCOME SUPPLEMENT

Cash, Savings, and Checking

Home Value

Home Debt -

Net Worth of Home (If negative, enter zero)** = → +

Other Real Estate/ Investment Value

Other Real Estate/ Investment Debt -

Net Worth of Other Real Estate/Investments (If negative, enter zero) = → +

Business/Farm Value

Business/Farm Debt -

Net Worth of Business/Farm (If negative, enter zero) =

Adjusted Net Worth of Business/Farm (Calculate, using Table 3) → +

Net Worth =

Asset Protection Allowance (Table 4) -

Discretionary Net Worth =

Asset Conversion Rate (Table 5) (Rounded to 3 decimal points) X

INCOME SUPPLEMENT (May be a negative number) =

PARENTS' CONTRIBUTION

Available Income

Income Supplement +

Parents' Adjusted Available Income (AAI) (May be a negative number) =

Total Parents' Contribution from AAI (Calculate, using Table 6) →

Number in College ÷

PARENTS' CONTRIBUTION FOR THE STUDENT (Standard Contribution for 9-Month Enrollment) (If negative, enter zero)*** =

** Net worth of home is considered to be zero if either parent is a dislocated worker or a displaced homemaker.

*** To recalculate Parents' Contribution for the Student for other than 9-month enrollment, see page 3 of Regular Worksheet A

continued on reverse

REGULAR WORKSHEET Page 2 of 3

A

STUDENT SPOUSE INCOME

1. Taxable Income
(Fill in only one section—a or b or c)

a. Tax Filers Only
(Neither Student nor Spouse is a Dislocated Worker)

Student's and Spouse's 1989 Income from U.S. Income Tax Form — a

b. Non-Tax Filers Only
(Neither Student nor Spouse is a Dislocated Worker)

Student's 1989 Income earned from Work

Spouse's 1989 Income earned from Work +

Total 1989 Taxable Income = b

c. Student or Spouse is a Dislocated Worker

Student's Expected 1990 Income from Work

Spouse's Expected 1990 Income from Work +

Student/Spouse 1990 Other Taxable Income +

Total 1990 Taxable Income = c

Taxable Income (from a OR b OR c) — 1d

2. Untaxed Income (Fill in only one section—a or b)

a. Neither Student nor Spouse is a Dislocated Worker

1989 Social Security Benefits

1989 Other Untaxed Income +

Total 1989 Untaxed Income and Benefits = a

b. Student or Spouse is a Dislocated Worker

Expected 1990 Untaxed Income and Benefits — b

Untaxed Income (amount from a OR b) — 2c

TOTAL INCOME
(Line 1d plus Line 2c) (If negative, enter zero)

ALLOWANCES AGAINST STUDENT SPOUSE INCOME

1989 U.S. Income Tax Paid * (For tax filers only)
Use amount reported; if negative, enter zero.

State and Local Tax Allowance (Table 7) +

Social Security Taxes:

a. 7.51% of student's income from work, not to exceed $3,605 +

b. 7.51% of spouse's income from work, not to exceed $3,605 +

TOTAL ALLOWANCES =

AVAILABLE INCOME

Total Income

Total Allowances -

AVAILABLE INCOME
(May be a negative number) =

* If using 1990 taxable income (Line 1c), use 1990 U.S. income tax to be paid instead of 1989 U.S. Income Tax Paid

STUDENT CONTRIBUTION FROM INCOME

AVAILABLE INCOME		
Assessment of Available Income	X	.70
Student Contribution from Available Income	= a	
Minimum Student Contribution: $700 for first year undergraduates; $900 for all other students	b	
STUDENT CONTRIBUTION FROM INCOME Write the amount from Line a OR Line b, whichever is greater		

STUDENT SPOUSE ASSETS - INCOME SUPPLEMENT

Cash, Savings, and Checking		
Home Value		
Home Debt	-	
Net Worth of Home (If negative, enter zero) **	= →	+
Other Real Estate/ Investment Value		
Other Real Estate/ Investment Debt	-	
Net Worth of Other Real Estate/Investments (If negative, enter zero)	= →	+
Business/Farm Value		
Business/Farm Debt	-	
Net Worth of Business/Farm (If negative, enter zero)	= →	+
Net Worth	=	
Assessment Rate	X	.35
STUDENT INCOME SUPPLEMENT (May be a negative number)	=	

FAMILY CONTRIBUTION

PARENTS' CONTRIBUTION FOR STUDENT		
STUDENT CONTRIBUTION FROM INCOME	+	
STUDENT INCOME SUPPLEMENT	+	
FAMILY CONTRIBUTION	=	

** Net worth of home is considered to be zero if either student or spouse is a dislocated worker or a displaced homemaker.

REGULAR WORKSHEET Page 3 of 3 **A**

Calculation of Parents' Contribution for Student Enrolled for LESS than 9 Months*		
Parents' Contribution for the Student (Standard Contribution for 9-Month Enrollment from page A1)		
Divide by 9	÷	9
Parents' Contribution Per Month	=	
Multiply by Number of Months Enrollment	X	
Parents' Contribution for the Student for LESS than 9-Month Enrollment*	=	

Calculation of Parents' Contribution for Student Enrolled MORE than 9 Months		
a. Parents' Adjusted Available Income (AAI) (form page A1) (May be a negative number)		
b. Difference between the Standard Maintenance Allowance for a Family of Four and a Family of Five with One in College	+	2,560
c. Alternate Parents' AAI for More than 9-Month Enrollment (Line a + Line b)	=	
d. Total Parents' Contribution from Alternate AAI (Calculate, using Table 6) →		
e. Number in College		
f. Alternate Parents' Contribution for the Student	=	
g. Standard Parents' Contribution for the Student for 9-Month Enrollment (from page A1)		
h. Difference (Line f minus Line g)	=	
i. Divide by 12 Months	÷	12
j. Parents' Contribution per Month	=	
k. Number of Months Student Will be Enrolled That Exceed 9	X	
l. Adjustment to Parents' Contribution for the Student for Months that exceed 9 (Multiply Line j by Line k)	=	
m. Standard Parents' Contribution for the Student for 9-Month Enrollment (from page A1)	+	
n. Parents' Contribution for the Student for MORE than 9-Month Enrollment*	=	

* Substitute the Parents' Contribution for the Student for LESS or MORE than 9-month Enrollment in place of the Parents' Contribution for the Student for 9-Month Enrollment on Regular Worksheet A, pages 1 and 2.

1990-91 FAMILY CONTRIBUTION FORMULA FOR A DEPENDENT STUDENT
(Do not fill in shaded areas)

SIMPLIFIED WORKSHEET Page 1 of 3 — **A**

PARENTS' INCOME		
1. Taxable Income (Fill in only one section—a or b or c)		
a. **Tax Filers Only (Neither Parent is a Dislocated Worker)**		
Parents' 1989 Income from U.S. Income Tax Form	a	
b. **Non-Tax Filers Only (Neither Parent is a Dislocated Worker)**		
Father's 1989 Income earned from Work		
Mother's 1989 Income earned from Work	+	
Total 1989 Taxable Income	= b	
c. **A Parent is a Dislocated Worker**		
Father's Expected 1990 Income from Work		
Mother's Expected 1990 Income from Work	+	
Parent's 1990 Other Taxable Income	+	
Total 1990 Taxable Income	= c	
Taxable Income (from a OR b OR c)	1d	
2. Untaxed Income (Fill in only one section—a or b)		
a. **Neither Parent is a Dislocated Worker**		
Total 1989 Untaxed Income and Benefits: (Social Security Benefits + AFDC/ADC + Child Support Received + Other Untaxed Income)	= a	
b. **A Parent is a Dislocated Worker**		
Expected 1990 Untaxed Income and Benefits	b	
Untaxed Income (amount from a OR b)	2c	
TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)		

ALLOWANCES AGAINST PARENTS' INCOME		
1989 U.S. Income Tax Paid* (For tax filers only) Use amount reported; if negative, enter zero.		
State and Other Tax Allowance (Table 1)	+	
Social Security Taxes:		
a. 7.51% of father's income from work, not to exceed $3,605	+	
b. 7.51% of mother's income from work, not to exceed $3,605	+	
Standard Maintenance Allowance (Table 2)	+	
Employment Expense Allowance: (Two working parents: 35% of the lesser of the earned incomes , or $2,200, whichever is less. One-parent families: 35% of earned income, or $2,200, whichever is less)	+	
Medical/Dental Expenses: (The portion that exceeds 5% of Total Income of Parents)	+	
Elem./Jr. High/Sr. High Tuition: (The lesser of amount reported or $3,980 multiplied by no. of dependents for whom tuition was paid)	+	
TOTAL ALLOWANCES	=	

* If using 1990 taxable income (Line 1c), also use 1990 U.S. income tax to be paid instead of 1989 U.S. income tax paid.

AVAILABLE INCOME		
Total Income		
Total Allowances	-	
AVAILABLE INCOME (May be a negative number)	=	

PARENTS' ASSETS - INCOME SUPPLEMENT		
Cash, Savings, and Checking		
Home Value		
Home Debt	-	
Net Worth of Home (If negative, enter zero)**	= →	+
Other Real Estate/ Investment Value		
Other Real Estate/ Investment Debt	-	
Net Worth of Other Real Estate/Investments (If negative, enter zero)	= →	+
Business/Farm Value		
Business/Farm Debt	-	
Net Worth of Business/Farm (If negative, enter zero)	=	
Adjusted Net Worth of Business/Farm (Calculate, using Table 3) →		+
Net Worth	=	
Asset Protection Allowance (Table 4)	-	
Discretionary Net Worth	=	
Asset Conversion Rate (Table 5) (Rounded to 3 decimal points)	X	
INCOME SUPPLEMENT (May be a negative number)	=	

PARENTS' CONTRIBUTION		
Available Income		
Income Supplement	+	
Parents' Adjusted Available Income (AAI) (May be a negative number)	=	
Total Parents' Contribution from AAI (Calculate, using Table 6) →		
Number in College	÷	
PARENTS' CONTRIBUTION FOR THE STUDENT (Standard Contribution for 9-Month Enrollment) (If negative, enter zero)***	=	

** Net worth of home is considered to be zero if either parent is a dislocated worker or a displaced homemaker.

*** To recalculate Parents' Contribution for the Student for other than 9-month enrollment, see page 3 of Regular Worksheet A

continued on reverse

SIMPLIFIED WORKSHEET Page 2 of 3

A (Do not fill in shaded areas)

STUDENT/SPOUSE INCOME

1. Taxable Income (Fill in only one section—a or b or c)

a. Tax Filers Only (Neither Student nor Spouse is a Dislocated Worker)

Student's and Spouse's 1989 Income from U.S. Income Tax Form — a

b. Non-Tax Filers Only (Neither Student nor Spouse is a Dislocated Worker)

Student's 1989 Income earned from Work

Spouse's 1989 Income earned from Work +

Total 1989 Taxable Income = b

c. Student or Spouse is a Dislocated Worker

Student's Expected 1990 Income from Work

Spouse's Expected 1990 Income from Work +

Student/Spouse 1990 Other Taxable Income +

Total 1990 Taxable Income = c

Taxable Income (from a OR b OR c) 1d

2. Untaxed Income (Fill in only one section—a or b)

a. Neither Student nor Spouse is a Dislocated Worker

1989 Social Security Benefits

1989 Other Untaxed Income +

Total 1989 Untaxed Income and Benefits = a

b. Student or Spouse is a Dislocated Worker

Expected 1990 Untaxed Income and Benefits b

Untaxed Income (amount from a OR b) 2c

TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)

ALLOWANCES AGAINST STUDENT/SPOUSE INCOME

1989 U.S. Income Tax Paid * (For tax filers only) Use amount reported; if negative, enter zero.

State and Local Tax Allowance (Table 7) +

Social Security Taxes:

a. 7.51% of student's income from work, not to exceed $3,605 +

b. 7.51% of spouse's income from work, not to exceed $3,605 +

TOTAL ALLOWANCES =

AVAILABLE INCOME

Total Income

Total Allowances -

AVAILABLE INCOME (May be a negative number) =

* If using 1990 taxable income (Line 1c), use 1990 U.S. income tax to be paid instead of 1989 U.S. Income Tax Paid

STUDENT CONTRIBUTION FROM INCOME

AVAILABLE INCOME		
Assessment of Available Income	X	.70
Student Contribution from Available Income	= a	
Minimum Student Contribution: $700 for first year undergraduates; $900 for all other students	b	
STUDENT CONTRIBUTION FROM INCOME Write the amount from Line a OR Line b, whichever is greater		

STUDENT/SPOUSE ASSETS - INCOME SUPPLEMENT

Cash, Savings, and Checking		
Home Value		
Home Debt	-	
Net Worth of Home (If negative, enter zero)**	=	+
Other Real Estate/ Investment Value		
Other Real Estate/ Investment Debt	-	
Net Worth of Other Real Estate/Investments (If negative, enter zero)	=	+
Business/Farm Value		
Business/Farm Debt	-	
Net Worth of Business/Farm (If negative, enter zero)	=	+
Net Worth	=	
Assessment Rate	X	.35
STUDENT INCOME SUPPLEMENT (May be a negative number)	=	

FAMILY CONTRIBUTION

PARENTS' CONTRIBUTION FOR STUDENT		
STUDENT CONTRIBUTION FROM INCOME	+	
STUDENT INCOME SUPPLEMENT	+	
FAMILY CONTRIBUTION	=	

** Net worth of home is considered to be zero if either student or spouse is a dislocated worker or a displaced homemaker.

SIMPLIFIED WORKSHEET Page 3 of 3 **A**

Calculation of Parents' Contribution for Student Enrolled for LESS than 9 Months		
Parents' Contribution for the Student (Standard Contribution for 9-Month Enrollment from page A1)		
Divide by 9	÷	9
Parents' Contribution Per Month	=	
Multiply by Number of Months Enrollment	X	
Parents' Contribution for the Student for LESS than 9-Month Enrollment*	=	

Calculation of Parents' Contribution for Student Enrolled MORE than 9 Months		
a. Parents' Adjusted Available Income (AAI) (form page A1) (May be a negative number)		
b. Difference between the Standard Maintenance Allowance for a Family of Four and a Family of Five with One in College	+	2,560
c. Alternate Parents' AAI for More than 9-Month Enrollment (Line a + Line b)	=	
d. Total Parents' Contribution from Alternate AAI (Calculate, using Table 6)	→	
e. Number in College		
f. Alternate Parents' Contribution for the Student	=	
g. Standard Parents' Contribution for the Student for 9-Month Enrollment (from page A1)		
h. Difference (Line f minus Line g)	=	
i. Divide by 12 Months	÷	12
j. Parents' Contribution per Month	=	
k. Number of Months Student Will be Enrolled That Exceed 9	X	
l. Adjustment to Parents' Contribution for the Student for Months that exceed 9 (Multiply Line j by Line k)	=	
m. Standard Parents' Contribution for the Student for 9-Month Enrollment (from page A1)	+	
n. **Parents' Contribution for the Student for MORE than 9-Month Enrollment***	=	

* Substitute the Parents' Contribution for the Student for LESS or MORE than 9-month Enrollment in place of the Parents' Contribution for the Student for 9-Month Enrollment on Simplified Worksheet A, pages 1 and 2.

1990-91 FAMILY CONTRIBUTION FORMULA FOR AN INDEPENDENT STUDENT WITHOUT DEPENDENTS

REGULAR WORKSHEET **B**

STUDENT INCOME

1. Taxable Income (Fill in only one section—a or b or c)		
a. Tax Filers Only (Student is not a Dislocated Worker)		
Student's 1989 Income from U.S. Income Tax Form	a	
b. Non-Tax Filers Only (Student is not a Dislocated Worker)		
Student's 1989 Income earned from Work	b	
c. Student or Spouse is a Dislocated Worker		
Student's Expected 1990 Income from Work		
Student's 1990 Other Taxable Income	+	
Total 1990 Taxable Income	= c	
Taxable Income (from a OR b OR c)	1d	
2. Untaxed Income (Fill in only one section–a or b)		
a. Student is not a Dislocated Worker		
1989 Untaxed Social Security Benefits		
1989 Other Untaxed Income	+	
Total 1989 Untaxed Income and Benefits	= a	
b. Student is a Dislocated Worker		
Expected 1990 Untaxed Income and Benefits	b	
Untaxed Income (amount from a OR b)	2c	
TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)		

ALLOWANCES AGAINST STUDENT INCOME

1989 U.S. Income Tax Paid * (For tax filers only) Use amount reported; if negative, enter zero.		
State and Local Tax Allowance (Table 7)	+	
Social Security Taxes: 7.51% of student's income from work, not to exceed $3,605	+	
Maintenance Allowance ($600 per month for 3 months of NONenrollment)**	+	1,800
TOTAL ALLOWANCES	=	

CONTRIBUTION FROM TAXABLE INCOME

Taxable Income (from Line 1d)		
Total Allowances	-	
AVAILABLE TAXABLE INCOME (ATI) (May be a negative number)	=	
CONTRIBUTION FROM TAXABLE INCOME (May be a negative number) If ATI is less than 0, multiply ATI by 100%. If ATI is 0 to $9,500, multiply ATI by 70%. If ATI is $9,501 or more, CTI is $6,650 plus 90% of ATI over $9,500.		

* If using 1990 taxable income (Line 1c), use 1990 U.S. income tax to be paid instead of 1989 U.S. Income Tax Paid.

** To adjust Maintenance Allowance for other than 9-month enrollment, multiply $600 by the number of months of NONenrollment.

VETERANS' EDUCATIONAL BENEFITS

GI Bill and Dependents Educational Assistance (Multiply monthly amount by number of months benefits will be received, not to exceed 9)* **		
Veterans' Contributory Benefits (VEAP) (Multiply monthly amount by number ofmonths benefits will be received, not to exceed 9)* **	+	
TOTAL VETERANS' EDUCATIONAL BENEFITS	=	

STUDENT CONTRIBUTION FROM INCOME

Contribution from Taxable Income		
Untaxed Income (from Line 2c)	+	
Total Veterans' Educational Benefits	+	
Computed Contribution from Income	= a	
Minimum Contribution from Income	= b	1,200
STUDENT CONTRIBUTION FROM INCOME (Write the amount from Line a OR Line b, whichever is greater)		

STUDENT ASSETS - INCOME SUPPLEMENT

Cash, Savings, and Checking		
Net Worth of Home*** (Home Value minus Home Debt; if negative, enter zero)	+	
Net Worth of Other Real Estate/Investments (Other Real Estate/Investments Value minus Other Real Estate/Investments Debt; if negative, enter zero)	+	
Net Worth of Business/Farm (Business/Farm Value minus Business/FarmDebt; if negative, enter zero)		
Adjusted Net Worth of Business/Farm (Calculate, using Table 3) →	+	
Net Worth	=	
Asset Protection Allowance (Table 8)	-	
Discretionary Net Worth (May be a negative number)		
Assessment Rate	X	.35
INCOME SUPPLEMENT (If negative, enter zero)	=	

FAMILY CONTRIBUTION

STUDENT CONTRIBUTION FROM INCOME		
STUDENT INCOME SUPPLEMENT	+	
FAMILY CONTRIBUTION	=	

** To adjust veterans' educational benefits for other than 9-month enrollment, multiply monthly amount of benefits by the lesser of the number of months enrolled or months reported.

*** Net worth of home is considered to be zero if either student or spouse is a dislocated worker or a displaced homemaker.

1990-91 FAMILY CONTRIBUTION FORMULA FOR AN INDEPENDENT STUDENT WITHOUT DEPENDENTS (Do not fill in shaded areas)

SIMPLIFIED WORKSHEET **B**

STUDENT INCOME

1. Taxable Income (Fill in only one section—a or b or c)		
a. Tax Filers Only (Student is not a Dislocated Worker)		
Student's 1989 Income from U.S. Income Tax Form	a	
b. Non-Tax Filers Only (Student is not a Dislocated Worker)		
Student's 1989 Income earned from Work	b	
c. Student or Spouse is a Dislocated Worker		
Student's Expected 1990 Income from Work		
Student's 1990 Other Taxable Income +		
Total 1990 Taxable Income =	c	
Taxable Income (from a OR b OR c)	1d	
2. Untaxed Income (Fill in only one section--a or b)		
a. Student is not a Dislocated Worker		
1989 Untaxed Social Security Benefits		
1989 Other Untaxed Income +		
Total 1989 Untaxed Income and Benefits =	a	
b. Student is a Dislocated Worker		
Expected 1990 Untaxed Income and Benefits	b	
Untaxed Income (amount from a OR b)	2c	
TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)		

ALLOWANCES AGAINST STUDENT INCOME

1989 U.S. Income Tax Paid * (For tax filers only) Use amount reported; if negative, enter zero.		
State and Local Tax Allowance (Table 7) +		
Social Security Taxes: 7.51% of student's income from work, not to exceed $3,605 +		
Maintenance Allowance ($600 per month for 3 months of NONenrollment)** +		1,800
TOTAL ALLOWANCES =		

CONTRIBUTION FROM TAXABLE INCOME

Taxable Income (from Line 1d)		
Total Allowances -		
AVAILABLE TAXABLE INCOME (ATI) (May be a negative number) =		
CONTRIBUTION FROM TAXABLE INCOME (May be a negative number) If ATI is less than 0, multiply ATI by 100%. If ATI is 0 to $9,500, multiply ATI by 70%. If ATI is $9,501 or more, CTI is $6,650 plus 90% of ATI over $9,500.		

* If using 1990 taxable income (Line 1c), use 1990 U.S. income tax to be paid instead of 1989 U.S. Income Tax Paid.

** To adjust Maintenance Allowance for other than 9-month enrollment, multiply $600 by the number of months of NONenrollment.

VETERANS' EDUCATIONAL BENEFITS

GI Bill and Dependents Educational Assistance (Multiply monthly amount by number of months benefits will be received, not to exceed 9)***	
Veterans' Contributory Benefits (VEAP) (Multiply monthly amount by number of months benefits will be received, not to exceed 9)*** +	
TOTAL VETERANS' EDUCATIONAL BENEFITS =	

STUDENT CONTRIBUTION FROM INCOME

Contribution from Taxable Income		
Untaxed Income (from Line 2c) +		
Total Veterans' Educational Benefits +		
Computed Contribution from Income	= a	
Minimum Contribution from Income	= b	1,200
STUDENT CONTRIBUTION FROM INCOME (Write the amount from Line a OR Line b, whichever is greater)		

STUDENT ASSETS - INCOME SUPPLEMENT

Cash, Savings, and Checking		
Net Worth of Home*** (Home Value minus Home Debt; If negative, enter zero) +		
Net Worth of Other Real Estate/Investments (Other Real Estate/Investments Value minus Other Real Estate/Investments Debt; If negative, enter zero) +		
Net Worth of Business/Farm (Business/Farm Value minus Business/FarmDebt; If negative, enter zero)		
Adjusted Net Worth of Business/Farm (Calculate, using Table 3) → +		
Net Worth =		
Asset Protection Allowance (Table 8) -		
Discretionary Net Worth (May be a negative number)		
Assessment Rate	X	.35
INCOME SUPPLEMENT (If negative, enter zero) =		

FAMILY CONTRIBUTION

STUDENT CONTRIBUTION FROM INCOME		
STUDENT INCOME SUPPLEMENT +		
FAMILY CONTRIBUTION =		

*** To adjust veterans' educational benefits for other than 9-month enrollment, multiply monthly amount of benefits by the lesser of the number of months enrolled or months reported.

**** Net worth of home is considered to be zero if either student or spouse is a dislocated worker or a displaced homemaker.

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1990-91 FAMILY CONTRIBUTION FORMULA FOR AN INDEPENDENT STUDENT WITH DEPENDENTS (INCLUDING A SPOUSE)

REGULAR WORKSHEET Page 1 of 2 — **C**

STUDENT/SPOUSE INCOME

1. Taxable Income (Fill in only one section—a or b or c)

a. Tax Filers Only (Neither Student nor Spouse is a Dislocated Worker)

Student's and Spouse's 1989 Income from U.S. Income Tax Form — a

b. Non-Tax Filers Only (Neither Student nor Spouse is a Dislocated Worker)

Student's 1989 Income earned from Work

Spouse's 1989 Income earned from Work +

Total 1989 Taxable Income = b

c. Student or Spouse is a Dislocated Worker

Student's Expected 1990 Income from Work

Spouse's Expected 1990 Income from Work +

Student/Spouse 1990 Other Taxable Income +

Total 1990 Taxable Income = c

Taxable Income (from a OR b OR c) — 1d

2. Untaxed Income (Fill in only one section—a or b)

a. Neither Student nor Spouse is a Dislocated Worker

Total 1989 Untaxed Income and Benefits (Social Security Benefits + AFDC/ADC + Child Support Received + Other Untaxed Income) = a

b. Student or Spouse is a Dislocated Worker

Expected 1990 Untaxed Income and Benefits — b

Untaxed Income (amount from a OR b) — 2c

TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)

ALLOWANCES AGAINST STUDENT SPOUSE INCOME

1989 U.S. Income Tax Paid * (For tax filers only) Use amount reported; if negative, enter zero.

State and Other Tax Allowance (Table 1) +

Social Security Taxes:

a. 7.51% of student's income from work, not to exceed $3,605 +

b. 7.51% of spouse's income from work, not to exceed $3,605 +

Standard Maintenance Allowance (Table 2) +

Employment Expense Allowance: (Student and spouse both working: 35% of the lesser of the earned incomes , or $2,200, whichever is less. Single student: 35% of earned income, or $2,200, whichever is less) +

Medical/Dental Expenses: (The portion that exceeds 5% of Total Income of Student and Spouse) +

Elem./Jr. High/Sr. High Tuition: (The lesser of amount reported or $3,980 multiplied by number of dependents for whom tuition was paid) +

TOTAL ALLOWANCES =

* If using 1990 Taxable Income (Line 1c), use 1990 U.S. income tax to be paid in place of 1989 U.S. Income Tax Paid.

AVAILABLE INCOME

Total Income		
Total Allowances	-	
Computed Available Income	= a	
Minimum Available Income $700 for first year undergraduates; $900 for all other students	b	
AVAILABLE INCOME (Write the amount from Line a OR Line b, whichever is greater)		

VETERANS' EDUCATIONAL BENEFITS

GI Bill and Dependents Educational Assistance (Multiply monthly amount by number of months benefits will be received, not to exceed 9)		
Veterans' Contributory Benefits (VEAP) (Multiply monthly amount by number of months benefits will be received, not to exceed 9)	+	
TOTAL VETERANS' EDUCATIONAL BENEFITS	=	

STUDENT ASSETS - INCOME SUPPLEMENT

Cash, Savings, and Checking		
Net Worth of Home** (Home Value minus Home Debt; if negative, enter zero)	+	
Net Worth of Other Real Estate/Investments (Other Real Estate/Investments Value minus Other Real Estate/Investments Debt; If negative, enter zero)	+	
Net Worth of Business/Farm (Business/Farm Value minus Business/Farm Debt; If negative, enter zero)		
Adjusted Net Worth of Business/Farm (Calculate, using Table 3) →	+	
Net Worth	=	
Asset Protection Allowance (Table 9)	-	
Discretionary Net Worth (May be a negative number)	=	
Asset Conversion Rate (Table 5) (Round to 3 decimal points)	X	
INCOME SUPPLEMENT (May be a negative number)	=	

FAMILY CONTRIBUTION

Available Income		
Total Veterans' Educational Benefits	+	
Income Supplement	+	
Adjusted Available Income (AAI) (May be a negative number)	=	
Total Student Contribution from AAI (Calculate, using Table 6; if negative, enter zero) →		
Number in College	÷	
FAMILY CONTRIBUTION	=	

** Net worth of home is considered to be zero if either student or spouse is a dislocated worker or a displaced homemaker.

This worksheet is provided for the convenience of financial aid administrators, who may elect to use these alternate FC calculations for students who are enrolled for other than a 9-month academic year. These alternate FC calculations are modeled on the alternate FC calculations for a dependent student.

REGULAR WORKSHEET Page 2 of 2 **C**

Calculation of Family Contribution for Student Enrolled for LESS than 9 Months		
Family Contribution (Standard Contribution for 9-Month Enrollment from page C1)		
Divide by 9	÷	9
Family Contribution Per Month	=	
Multiply by Number of Months Enrollment	X	
Family Contribution for LESS than 9-Month Enrollment*	=	

Calculation of Family Contribution for Student Enrolled MORE than 9 Months		
a. Adjusted Available Income (AAI) (form page C1) (May be a negative number)		
b. Difference between the Standard Maintenance Allowance for a Family of Four and a Family of Five with One in College	+	2,560
c. Alternate AAI for More than 9-Month Enrollment (Line a + Line b)	=	
d. Total Family Contribution from Alternate AAI (Calculate, using Table 6)	→	
e. Number in College		
f. Alternate Family Contribution for the Student	=	
g. Family Contribution for the Student for 9-Month Enrollment (from page C1)		
h. Difference (Line f minus Line g)	=	
i. Divide by 12 Months	÷	12
j. Family Contribution per Month	=	
k. Number of Months Student Will be Enrolled That Exceed 9	X	
l. Adjustment to Family Contribution for Months that exceed 9 (Multiply Line j by Line k)	=	
m. Family Contribution for 9-Month Enrollment (from page C1)	+	
n. **Family Contribution for the Student for MORE than 9-Month Enrollment***	=	

1990-91 FAMILY CONTRIBUTION FORMULA FOR AN INDEPENDENT STUDENT WITH DEPENDENTS (INCLUDING A SPOUSE) (Do not fill in shaded areas)

SIMPLIFIED WORKSHEET Page 1 of 2 — **C**

STUDENT SPOUSE INCOME

1. Taxable Income (Fill in only one section—a or b or c)		
a. Tax Filers Only (Neither Student nor Spouse is a Dislocated Worker)		
Student's and Spouse's 1989 Income from U.S. Income Tax Form	a	
b. Non-Tax Filers Only (Neither Student nor Spouse is a Dislocated Worker)		
Student's 1989 Income earned from Work		
Spouse's 1989 Income earned from Work	+	
Total 1989 Taxable Income	= b	
c. Student or Spouse is a Dislocated Worker		
Student's Expected 1990 Income from Work		
Spouse's Expected 1990 Income from Work	+	
Student/Spouse 1990 Other Taxable Income	+	
Total 1990 Taxable Income	= c	
Taxable Income (from a OR b OR c)	1d	
2. Untaxed Income (Fill in only one section–a or b)		
a. Neither Student nor Spouse is a Dislocated Worker		
Total 1989 Untaxed Income and Benefits (Social Security Benefits + AFDC/ADC + Child Support Received + Other Untaxed Income)	= a	
b. Student or Spouse is a Dislocated Worker		
Expected 1990 Untaxed Income and Benefits	b	
Untaxed Income (amount from a OR b)	2c	
TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)		

ALLOWANCES AGAINST STUDENT SPOUSE INCOME

1989 U.S. Income Tax Paid * (For tax filers only) Use amount reported; if negative, enter zero.		
State and Other Tax Allowance (Table 1)	+	
Social Security Taxes:		
a. 7.51% of student's income from work, not to exceed $3,605	+	
b. 7.51% of spouse's income from work, not to exceed $3,605	+	
Standard Maintenance Allowance (Table 2)	+	
Employment Expense Allowance: (Student and spouse both working: 35% of the lesser of the earned incomes , or $2,200, whichever is less. Single student: 35% of earned income, or $2,200, whichever is less)	+	
Medical/Dental Expenses: (The portion that exceeds 5% of Total Income of Student and Spouse)	+	
Elem./Jr. High/Sr. High Tuition: (The lesser of amount reported or $3,980 multiplied by number of dependents for whom tuition was paid)	+	
TOTAL ALLOWANCES	=	

* If using 1990 taxable income (Line 1c), use 1990 U.S. income tax to be paid instead of 1989 U.S. Income Tax Paid

AVAILABLE INCOME

Total Income		
Total Allowances	-	
Computed Available Income	= a	
Minimum Available Income $700 for first year undergraduates; $900 for all other students	b	
AVAILABLE INCOME (Write the amount from Line a OR Line b, whichever is greater)		

VETERANS' EDUCATIONAL BENEFITS

GI Bill and Dependents Educational Assistance (Multiply monthly amount by number of months benefits will be received, not to exceed 9)		
Veterans' Contributory Benefits (VEAP) (Multiply monthly amount by number of months benefits will be received, not to exceed 9)	+	
TOTAL VETERANS' EDUCATIONAL BENEFITS	=	

STUDENT ASSETS - INCOME SUPPLEMENT

Cash, Savings, and Checking		
Net Worth of Home** (Home Value minus Home Debt; If negative, enter zero)	+	
Net Worth of Other Real Estate/Investments (Other Real Estate/Investments Value minus Other Real Estate/Investments Debt; If negative, enter zero)	+	
Net Worth of Business/Farm (Business/Farm Value minus Business/FarmDebt; If negative, enter zero)		
Adjusted Net Worth of Business/Farm (Calculate, using Table 3) →	+	
Net Worth	=	
Asset Protection Allowance (Table 9)	-	
Discretionary Net Worth (May be a negative number)	=	
Asset Conversion Rate (Table 5) (Round to 3 decimal points)	X	
INCOME SUPPLEMENT (May be a negative number)	=	

FAMILY CONTRIBUTION

Available Income		
Total Veterans' Educational Benefits	+	
Income Supplement	+	
Adjusted Available Income (AAI) (May be a negative number)	=	
Total Student Contribution from AAI (Calculate, using Table 6; if negative, enter zero) →		
Number in College	÷	
FAMILY CONTRIBUTION	=	

** Net worth of home is considered to be zero if either student or spouse is a dislocated worker or a displaced homemaker.

This worksheet is provided for the convenience of financial aid administrators, who may elect to use these alternate FC calculations for students who are enrolled for other than a 9-month academic year. These alternate FC calculations are modeled on the alternate FC calculations for a dependent student.

SIMPLIFIED WORKSHEET Page 2 of 2 **C**

Calculation of Family Contribution for Student Enrolled for LESS than 9 Months		
Family Contribution (Standard Contribution for 9-Month Enrollment from page C1)		
Divide by 9	÷	9
Family Contribution Per Month	=	
Multiply by Number of Months Enrollment	X	
Family Contribution for LESS than 9-Month Enrollment*	=	

Calculation of Family Contribution for Student Enrolled MORE than 9 Months		
a. Adjusted Available Income (AAI) (form page C1) (May be a negative number)		
b. Difference between the Standard Maintenance Allowance for a Family of Four and a Family of Five with One in College	+	2,560
c. Alternate AAI for More than 9-Month Enrollment (Line a + Line b)	=	
d. Total Family Contribution from Alternate AAI (Calculate, using Table 6)	→	
e. Number in College		
f. Alternate Family Contribution for the Student	=	
g. Family Contribution for the Student for 9-Month Enrollment (from page C1)		
h. Difference (Line f minus Line g)	=	
i. Divide by 12 Months	÷	12
j. Family Contribution per Month	=	
k. Number of Months Student Will be Enrolled That Exceed 9	X	
l. Adjustment to Family Contribution for Months that exceed 9 (Multiply Line j by Line k)	=	
m. Family Contribution for 9-Month Enrollment (from page C1)	+	
n. Family Contribution for the Student for MORE than 9-Month Enrollment*	=	

TABLES

Table 1

State and Other Tax Allowance

for

Worksheet A (Parents Only) and Worksheet C

STATE	PERCENT OF TOTAL INCOME		STATE	PERCENT OF TOTAL INCOME	
	$0-14,999	$15,000 or more		$0-14,999	$15,000 or more
Alabama	7%	6%	Missouri	7%	6%
Alaska	3%	2%	Montana	7%	6%
American Samoa	4%	3%	Nebraska	9%	8%
Arizona	7%	6%	Nevada	4%	3%
Arkansas	7%	6%	New Hampshire	7%	6%
California	9%	8%	New Jersey	10%	9%
Canada	9%	8%	New Mexico	5%	4%
Colorado	8%	7%	New York	14%	13%
Connecticut	8%	7%	North Carolina	9%	8%
Delaware	9%	8%	North Dakota	6%	5%
District of Columbia	11%	10%	Northern Mariana Islands	4%	3%
Federated States of Micronesia	4%	3%	Ohio	9%	8%
Florida	5%	4%	Oklahoma	7%	6%
Georgia	8%	7%	Oregon	11%	10%
Guam	4%	3%	Palau	4%	3%
Hawaii	11%	10%	Pennsylvania	9%	8%
Idaho	9%	8%	Puerto Rico	3%	2%
Illinois	8%	7%	Rhode Island	11%	10%
Indiana	7%	6%	South Carolina	9%	8%
Iowa	9%	8%	South Dakota	5%	4%
Kansas	8%	7%	Tennessee	5%	4%
Kentucky	8%	7%	Texas	4%	3%
Louisana	4%	3%	Utah	9%	8%
Maine	10%	9%	Vermont	9%	8%
Marshall Islands	4%	3%	Virgin Islands	4%	3%
Maryland	11%	10%	Virginia	9%	8%
Massachusetts	11%	10%	Washington	6%	5%
Mexico	9%	8%	West Virginia	7%	6%
Michigan	12%	11%	Wisconsin	13%	12%
Minnesota	12%	11%	Wyoming	3%	2%
Mississippi	7%	6%	Blank or invalid State	9%	8%

Worksheet A: Multiply Parents' Total Income (from Worksheet A, page 1) by the appropriate rate from the table above to get the State and Other Tax Allowance. Use the parents' State of legal residence reported on the application for Federal student aid. If this item is blank or invalid, use the student's State of legal residence. If both items are blank or invalid, use the State in the student's mailing address. If all three are blank or invalid, use the rate for a blank or invalid State above.

Worksheet C: Multiply Total Income of Student and Spouse (from Worksheet C) by the appropriate rate from the table above to get the State and Other Tax Allowance. Use the student's State of legal residence reported on the application for Federal student aid. If this item is blank or invalid, use the State in the student's mailing address. If both are blank or invalid, use the rate for a blank or invalid State above.

Table 2

Standard Maintenance Allowance

for
Worksheet A (Parents Only) and Worksheet C

Family size (including student)	Number in College				
	1	2	3	4	5
2	$9,270	$7,690	— — —	— — —	— — —
3	11,550	9,970	8,380	— — —	— — —
4	14,260	12,670	11,090	$9,510	— — —
5	16,820	15,240	13,660	12,080	$9,390
6	19,680	18,090	16,510	14,930	13,350

NOTE: For each additional family member, add $2,220.
For each additional college student, subtract $1,580

Table 3

Business/Farm Net Worth Adjustment

for
Worksheet A (Parents Only) and Worksheet C

If the net worth of a business or farm is--	Then the adjusted net worth is--
Less than $1	$0
$1 to $65,000	$0 + 40% of Net Worth
$65,001 to $200,000	$26,000 + 50% of Net Worth over $65,000
$200,001 to $330,000	$93,500 + 80% of Net Worth over $200,000
$330,001 or more	$171,500 + 100% of Net Worth over $330,000

Table 4
Asset Protection Allowance
for
Worksheet A (Parents Only)

If the age of the older parent is—	And there are two parents, then the asset protection allowance is—	And there is one parent, then the asset protection allowance is—
25 or less	0	0
26	2,000	1,500
27	4,100	3,000
28	6,100	4,500
29	8,100	6,000
30	10,200	7,500
31	12,200	9,000
32	14,200	10,500
33	16,300	12,000
34	18,300	13,500
35	20,300	15,000
36	22,400	16,500
37	24,400	18,000
38	26,400	19,500
39	28,500	21,000
40	30,500	22,500
41	31,300	23,100
42	32,100	23,500
43	33,000	24,100
44	33,800	24,500
45	34,700	25,100
46	35,600	25,800
47	36,500	26,200
48	37,400	26,900
49	38,700	27,500
50	39,600	28,200
51	40,700	28,900
52	42,000	29,600
53	43,300	30,500
54	44,400	31,200
55	45,800	32,000
56	47,200	32,900
57	48,700	33,700
58	50,200	34,600
59	52,000	35,500
60	53,600	36,500
61	55,500	37,500
62	57,200	38,600
63	59,200	39,700
64	61,300	41,000
65 or more	63,400	42,200

If age of older parent is blank, use age 45 on the table.

Table 5
Asset Conversion Rate
for
Worksheet A (Parents Only) and Worksheet C

Discretionary Net Worth	Available Income	Rate
$0 or greater	Any amount	12%
Less that $0	$0 or less	6%
Less than $0	$1 - $15,999	$6\% \times \frac{(16{,}000 - AI)}{16{,}000}$
Less than $0	$16,000 or more	0%

NOTE: Computed rate and intermediate values should be rounded to 3 decimal points.

Table 6
Total Contribution from AAI
for
Worksheet A (Parents Only) and Worksheet C

AAI	Total Contribution from AAI
Less than -$3,409	-$750
-$3,409 to $8,300	22% of AAI
$8,301 to $10,400	$1,826 + 25% of AAI over $8,300
$10,401 to $12,500	$2,351 + 29% of AAI over $10,400
$12,501 to $14,600	$2,960 + 34% of AAI over $12,500
$14,601 to $16,700	$3,674 + 40% of AAI over $14,600
$16,701 or more	$4,514 + 47% of AAI over $16,700

Table 7

State and Local Tax Allowance

for

Worksheet A (Student Only) and Worksheet B

Alabama	3%
Alaska	0%
American Samoa	0%
Arizona	2%
Arkansas	4%
California	5%
Canada	4%
Colorado	3%
Connecticut	1%
Delaware	7%
District of Columbia	7%
Federated States of Micronesia	0%
Florida	0%
Georgia	4%
Guam	0%
Hawaii	6%
Idaho	5%
Illinois	3%
Indiana	3%
Iowa	4%
Kansas	3%
Kentucky	4%
Louisiana	1%
Maine	4%
Marshall Islands	0%
Maryland	6%
Massachusetts	5%
Mexico	4%
Michigan	6%
Minnesota	7%
Mississippi	3%
Missouri	3%
Montana	3%
Nebraska	3%
Nevada	0%
New Hampshire	2%
New Jersey	3%
New Mexico	2%
New York	8%
North Carolina	5%
North Dakota	2%
Northern Mariana Islands	0%
Ohio	5%
Oklahoma	3%
Oregon	7%
Palau	0%
Pennsylvania	4%
Puerto Rico	1%
Rhode Island	5%
South Carolina	5%
South Dakota	0%
Tennessee	0%
Texas	0%
Utah	4%
Vermont	4%
Virgin Islands	0%
Virginia	4%
Washington	0%
West Virginia	4%
Wisconsin	6%
Wyoming	0%
Blank or Invalid State	4%

Worksheet A: Multiply Taxable Income of Student and Spouse (Worksheet A, page 2, Line1d) by the appropriate rate from table above to get the State and Local Tax Allowance. Use the student's State of legal residence reported on the application for Federal student aid. If this item is blank or invalid, use the State in student's mailing address. If both items are blank or invalid, use the parents' State of legal residence. If all three items are blank or invalid, use rate for blank or invalid State above.

Worksheet B: Multiply Total Income of Student (Worksheet B, Line 1d + 2c) by the appropriate rate from table above to get the State and Local Tax Allowance. Use the student's State of legal residence reported on the application for Federal student aid. If this item is blank or invalid, use the State in the student's mailing address. If both items are blank or invalid, use rate for blank or invalid State above.

Table 8
Asset Protection Allowance
for
Worksheet B

Age of student as of 12/31/90	Allowance
25 or less	0
26	1,500
27	3,000
28	4,500
29	6,000
30	7,500
31	9,000
32	10,500
33	12,000
34	13,500
35	15,000
36	16,500
37	18,000
38	19,500
39	21,000
40	22,500
41	23,100
42	23,500
43	24,100
44	24,500
45	25,100
46	25,800
47	26,200
48	26,900
49	27,500
50	28,200
51	28,900
52	29,600
53	30,500
54	31,200
55	32,000
56	32,900
57	33,700
58	34,600
59	35,500
60	36,500
61	37,500
62	38,600
63	39,700
64	41,000
65 or more	42,200

Table 9
Asset Protection Allowance
for
Worksheet C

Age of student as of 12/31/90	Allowance for— Married Student	Allowance for— Unmarried Student
25 or less	0	0
26	2,000	1,500
27	4,100	3,000
28	6,100	4,500
29	8,100	6,000
30	10,200	7,500
31	12,200	9,000
32	14,200	10,500
33	16,300	12,000
34	18,300	13,500
35	20,300	15,000
36	22,400	16,500
37	24,400	18,000
38	26,400	19,500
39	28,500	21,000
40	30,500	22,500
41	31,300	23,100
42	32,100	23,500
43	33,000	24,100
44	33,800	24,500
45	34,700	25,100
46	35,600	25,800
47	36,500	26,200
48	37,400	26,900
49	38,700	27,500
50	39,600	28,200
51	40,700	28,900
52	42,000	29,600
53	43,300	30,500
54	44,400	31,200
55	45,800	32,000
56	47,200	32,900
57	48,700	33,700
58	50,200	34,600
59	52,000	35,500
60	53,600	36,500
61	55,500	37,500
62	57,200	38,600
63	59,200	39,700
64	61,300	41,000
65 or more	63,400	42,200

SAMPLE
CASE STUDIES

NOTES FOR COMPLETING CASE STUDIES

This section contains four case studies that show how the independent and dependent student formulas work, with some of the variations such as the simplified formula and the dislocated worker calculation. Each case study gives basic information about a family's financial situation. The notes to each case and the completed worksheet show how the family contribution (FC) is calculated from that information.

Each case study provides enough information to calculate the FC, including the State of residence to be used for the State tax allowance. If something is not explicitly mentioned (such as whether the family owns a house or has untaxed income), you may assume that the family does not have that income, expense, or asset. However, as in real life, some of the case studies contain information that will not be used in the calculation.

Note that some of the items on the worksheets, such as 1989 income and U.S. income tax paid, are taken directly from the line items on the application. Other items on the worksheets must be calculated by using one of the Tables.

When completing the case studies, there are several key steps worth remembering:

- Always check to see if the family is eligible for the employment expense allowance.
- Be especially careful when figuring the medical/dental expense allowance. It's easy to miss a step in the calculation.
- Use only the *net value* of an asset (the value of the asset minus any debts against the asset).
- Use the standard rule for rounding to the nearest dollar: that is, round down for .49 or less, and round up for .50 or more. (The processing system calculates decimals to 3 places before rounding.)

CASE STUDY 1 - MARK (WYOMING)

Mark, age 20, lives at home with his parents and a younger brother. Mark is attending a local college, and is in the second year of a 4-year undergraduate course of study. His father, age 45, earned $14,000 in 1989; his mother, age 44, is retired on disability and received $5,520 in non-taxable Social Security benefits in 1989. They filed an IRS Form 1040A for 1989 and claimed Mark and his brother as exemptions; they paid $1,500 in U.S. income taxes. The family had medical expenses of $2,500 in 1989, of which $1,500 was reimbursed by insurance, leaving $1,000 in unreimbursed medical expenses. Mark's parents have $5,000 in a checking and savings account; their home is valued at $80,000, and the amount outstanding on their mortgage is $70,000. Mark earned $1,000 in 1989 and paid $100 in U.S. income taxes; he has $500 in his own savings and checking account.

NOTES TO CASE STUDY 1 - MARK

- Because Mark is not yet 24 and his parents will claim him as a tax exemption for the 1989 tax year, he is considered to be a dependent student.

- The Simplified Worksheet is used to calculate Mark's primary FC, because his family met the criteria for the simplified formula—the family's total income is $15000 or less and they filed an IRS Form 1040A (no one filed a Form 1040). The regular full-data worksheet is used to calculate Mark's secondary FC, because his school requires every applicant to fill out the full-data application form.

- The State and Other Tax Allowance against parents' income is 2 percent for Wyoming when parents' Total Income is $15,000 or more (see Table 1). As noted, Mark's parents' 1989 Total Income is $19,520 ($14,000 Taxable Income plus $5,520 Untaxed Income). The State and Local Tax Allowance against the student's own income is zero percent for Wyoming (see Table 7).

- Ordinarily, a student's simplified FC will be lower than his or her regular FC. However, in this case study, the FC calculated from the regular full-data formula is lower because this formula includes an Asset Protection Allowance, which in the case of Mark's parents, exceeds the net value of their assets. The result is a negative "Income Supplement," which is then subtracted from Available Income. The simplified formula does not include assets, an Asset Protection Allowance, or Income Supplement.

- Another factor that caused Mark's regular FC to be lower than his simplified FC is that a medical/dental allowance is included in the regular formula. This allowance is the portion that exceeds 5 percent of parents' Total Income. Five percent of $19,520 is $976; since their unreimbursed medical expenses (total expenses minus expenses reimbursed by insurance) were $1,000 in 1989, the amount that exceeds 5 percent of Total Income is $24 ($1,000 minus $976).

1990-91 FAMILY CONTRIBUTION FORMULA FOR A DEPENDENT STUDENT

SIMPLIFIED WORKSHEET Page 1 of 2 **A**

PARENTS' INCOME

1. Taxable Income (Fill in only one section—a or b or c)		
a. Tax Filers Only (Neither Parent is a Dislocated Worker)		
Parents' 1989 Income from U.S. Income Tax Form	a	14,000
b. Non-Tax Filers Only (Neither Parent is a Dislocated Worker)		
Father's 1989 Income earned from Work		
Mother's 1989 Income earned from Work	+	
Total 1989 Taxable Income	= b	
c. A Parent is a Dislocated Worker		
Father's Expected 1990 Income from Work		
Mother's Expected 1990 Income from Work	+	
Parent's 1990 Other Taxable Income	+	
Total 1990 Taxable Income	= c	
Taxable Income (from a OR b OR c)	1d	14,000
2. Untaxed Income (Fill in only one section—a or b)		
a. Neither Parent is a Dislocated Worker		
Total 1989 Untaxed Income and Benefits: (Social Security Benefits + AFDC/ADC + Child Support Received + Other Untaxed Income)	= a	5,520
b. A Parent is a Dislocated Worker		
Expected 1990 Untaxed Income and Benefits	b	
Untaxed Income (amount from a OR b)	2c	5,520
TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)		19,520

ALLOWANCES AGAINST PARENTS' INCOME

1989 U.S. Income Tax Paid* (For tax filers only) Use amount reported; if negative, enter zero.		1,500
State and Other Tax Allowance (Table 1)	+	390
Social Security Taxes:		
a. 7.51% of father's income from work, not to exceed $3,605	+	1,127
b. 7.51% of mother's income from work, not to exceed $3,605	+	0
Standard Maintenance Allowance (Table 2)	+	14,260
Employment Expense Allowance: (Two working parents: 35% of the lesser of the earned incomes , or $2,200, whichever is less. One-parent families: 35% of earned income, or $2,200, whichever is less)	+	0
Medical/Dental Expenses: (The portion that exceeds 5% of Total Income of Parents)	+	
Elem./Jr. High/Sr. High Tuition: (The lesser of amount reported or $3,980 multiplied by no. of dependents for whom tuition was paid)	+	
TOTAL ALLOWANCES	=	17,277

* If using 1990 taxable income (Line 1c), also use 1990 U.S. income tax to be paid instead of 1989 U.S. income tax paid.

AVAILABLE INCOME

Total Income		19,520
Total Allowances	-	17,277
AVAILABLE INCOME (May be a negative number)	=	2,243

PARENTS' ASSETS - INCOME SUPPLEMENT

Cash, Savings, and Checking		
Home Value		
Home Debt	-	
Net Worth of Home (If negative, enter zero)**	= → +	
Other Real Estate/ Investment Value		
Other Real Estate/ Investment Debt	-	
Net Worth of Other Real Estate/Investments (If negative, enter zero)	= → +	
Business/Farm Value		
Business/Farm Debt	-	
Net Worth of Business/Farm (If negative, enter zero)	=	
Adjusted Net Worth of Business/Farm (Calculate, using Table 3) →	+	
Net Worth	=	
Asset Protection Allowance (Table 4)	-	
Discretionary Net Worth	=	
Asset Conversion Rate (Table 5) (Rounded to 3 decimal points)	X	
INCOME SUPPLEMENT (May be a negative number)	=	

PARENTS' CONTRIBUTION

Available Income		2,243
Income Supplement	+	
Parents' Adjusted Available Income (AAI) (May be a negative number)	=	2,243
Total Parents' Contribution from AAI (Calculate, using Table 6) →		493
Number in College	÷	1
PARENTS' CONTRIBUTION FOR THE STUDENT (Standard Contribution for 9-Month Enrollment) (If negative, enter zero)***	=	493

** Net worth of home is considered to be zero if either parent is a dislocated worker or a displaced homemaker.

*** To recalculate Parents' Contribution for the Student for other than 9-month enrollment, see page 3 of Regular Worksheet A

continued on reverse

CASE STUDY #1 - Mark (Primary FC)

SIMPLIFIED WORKSHEET Page 2 of 2 **A**

STUDENT/SPOUSE INCOME

1. Taxable Income (Fill in only one section—a or b or c)		
a. Tax Filers Only (Neither Student nor Spouse is a Dislocated Worker)		
Student's and Spouse's 1989 Income from U.S. Income Tax Form	a	1,000
b. Non-Tax Filers Only (Neither Student nor Spouse is a Dislocated Worker)		
Student's 1989 Income earned from Work		
Spouse's 1989 Income earned from Work	+	
Total 1989 Taxable Income	= b	0
c. Student or Spouse is a Dislocated Worker		
Student's Expected 1990 Income from Work		
Spouse's Expected 1990 Income from Work	+	
Student/Spouse 1990 Other Taxable Income	+	
Total 1990 Taxable Income	= c	
Taxable Income (from a OR b OR c)	1d	1,000
2. Untaxed Income (Fill in only one section—a or b)		
a. Neither Student nor Spouse is a Dislocated Worker		
1989 Social Security Benefits		
1989 Other Untaxed Income	+	
Total 1989 Untaxed Income and Benefits	= a	0
b. Student or Spouse is a Dislocated Worker		
Expected 1990 Untaxed Income and Benefits	b	
Untaxed Income (amount from a OR b)	2c	0
TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)		1,000

ALLOWANCES AGAINST STUDENT/SPOUSE INCOME

1989 U.S. Income Tax Paid * (For tax filers only) Use amount reported; if negative, enter zero.		100
State and Local Tax Allowance (Table 7)	+	0
Social Security Taxes:		
a. 7.51% of student's income from work, not to exceed $3,605	+	75
b. 7.51% of spouse's income from work, not to exceed $3,605	+	
TOTAL ALLOWANCES	=	175

AVAILABLE INCOME

Total Income		1,000
Total Allowances	-	175
AVAILABLE INCOME (May be a negative number)	=	825

* If using 1990 taxable income (Line 1c), use 1990 U.S. income tax to be paid instead of 1989 U.S. Income Tax Paid

STUDENT CONTRIBUTION FROM INCOME

AVAILABLE INCOME		825
Assessment of Available Income	X	.70
Student Contribution from Available Income	= a	578
Minimum Student Contribution: $700 for first year undergraduates; $900 for all other students	b	900
STUDENT CONTRIBUTION FROM INCOME Write the amount from Line a OR Line b, whichever is greater		900

STUDENT/SPOUSE ASSETS - INCOME SUPPLEMENT

Cash, Savings, and Checking		
Home Value		
Home Debt	-	
Net Worth of Home (If negative, enter zero)**	= → +	
Other Real Estate/ Investment Value		
Other Real Estate/ Investment Debt	-	
Net Worth of Other Real Estate/Investments (If negative, enter zero)	= → +	
Business/Farm Value		
Business/Farm Debt	-	
Net Worth of Business/Farm (If negative, enter zero)	= → +	
Net Worth	=	
Assessment Rate	X	.35
STUDENT INCOME SUPPLEMENT (May be a negative number)	=	

FAMILY CONTRIBUTION

PARENTS' CONTRIBUTION FOR STUDENT		493
STUDENT CONTRIBUTION FROM INCOME	+	900
STUDENT INCOME SUPPLEMENT	+	
FAMILY CONTRIBUTION	=	1,393

** Net worth of home is considered to be zero if either student or spouse is a dislocated worker or a displaced homemaker.

CASE STUDY #1 - Mark (Primary FC)

1990-91 FAMILY CONTRIBUTION FORMULA FOR A DEPENDENT STUDENT

REGULAR WORKSHEET Page 1 of 2 **A**

PARENTS' INCOME		
1. Taxable Income (Fill in only one section—a or b or c)		
a. Tax Filers Only (Neither Parent is a Dislocated Worker)		
Parents' 1989 Income from U.S. Income Tax Form	a	14,000
b. Non-Tax Filers Only (Neither Parent is a Dislocated Worker)		
Father's 1989 Income earned from Work		
Mother's 1989 Income earned from Work	+	
Total 1989 Taxable Income	= b	
c. A Parent is a Dislocated Worker		
Father's Expected 1990 Income from Work		
Mother's Expected 1990 Income from Work	+	
Parent's 1990 Other Taxable Income	+	
Total 1990 Taxable Income	= c	
Taxable Income (from a OR b OR c)	1d	14,000
2. Untaxed Income (Fill in only one section—a or b)		
a. Neither Parent is a Dislocated Worker		
Total 1989 Untaxed Income and Benefits: (Social Security Benefits + AFDC/ADC + Child Support Received + Other Untaxed Income)	= a	5,520
b. A Parent is a Dislocated Worker		
Expected 1990 Untaxed Income and Benefits	b	
Untaxed Income (amount from a OR b)	2c	5,520
TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)		19,520

ALLOWANCES AGAINST PARENTS' INCOME		
1989 U.S. Income Tax Paid* (For tax filers only) Use amount reported; if negative, enter zero.		1,500
State and Other Tax Allowance (Table 1)	+	390
Social Security Taxes:		
a. 7.51% of father's income from work, not to exceed $3,605	+	1,127
b. 7.51% of mother's income from work, not to exceed $3,605	+	0
Standard Maintenance Allowance (Table 2)	+	14,260
Employment Expense Allowance: (Two working parents: 35% of the lesser of the earned incomes , or $2,200, whichever is less. One-parent families: 35% of earned income, or $2,200, whichever is less)	+	0
Medical/Dental Expenses: (The portion that exceeds 5% of Total Income of Parents)	+	24
Elem./Jr. High/Sr. High Tuition: (The lesser of amount reported or $3,980 multiplied by no. of dependents for whom tuition was paid)	+	0
TOTAL ALLOWANCES	=	17,301

* If using 1990 taxable income (Line 1c), also use 1990 U.S. income tax to be paid instead of 1989 U.S. income tax paid.

AVAILABLE INCOME		
Total Income		19,520
Total Allowances	-	17,301
AVAILABLE INCOME (May be a negative number)	=	2,219

PARENTS' ASSETS - INCOME SUPPLEMENT		
Cash, Savings, and Checking		5,000
Home Value		
Home Debt	-	
Net Worth of Home (If negative, enter zero)**	= → +	10,000
Other Real Estate/ Investment Value		
Other Real Estate/ Investment Debt	-	
Net Worth of Other Real Estate/Investments (If negative, enter zero)	= → +	
Business/Farm Value		
Business/Farm Debt	-	
Net Worth of Business/Farm (If negative, enter zero)	=	
Adjusted Net Worth of Business/Farm (Calculate, using Table 3) →	+	
Net Worth	=	15,000
Asset Protection Allowance (Table 4)	-	34,700
Discretionary Net Worth	=	-19,700
Asset Conversion Rate (Table 5) (Rounded to 3 decimal points)	x	.052
INCOME SUPPLEMENT (May be a negative number)	=	-1,024

PARENTS' CONTRIBUTION		
Available Income		2,219
Income Supplement	+	-1,024
Parents' Adjusted Available Income (AAI) (May be a negative number)	=	1,195
Total Parents' Contribution from AAI (Calculate, using Table 6) →		263
Number in College	÷	1
PARENTS' CONTRIBUTION FOR THE STUDENT (Standard Contribution for 9-Month Enrollment) (If negative, enter zero)***	=	263

** Net worth of home is considered to be zero if either parent is a dislocated worker or a displaced homemaker.

*** To recalculate Parents' Contribution for the Student for other than 9-month enrollment, see page 3 of Regular Worksheet A.

continued on reverse

CASE STUDY #1 - Mark (Secondary FC)

REGULAR WORKSHEET Page 2 of 2 **A**

STUDENT/SPOUSE INCOME

1. Taxable Income (Fill in only one section—a or b or c)		
a. Tax Filers Only (Neither Student nor Spouse is a Dislocated Worker)		
Student's and Spouse's 1989 Income from U.S. Income Tax Form	a	1,000
b. Non-Tax Filers Only (Neither Student nor Spouse is a Dislocated Worker)		
Student's 1989 Income earned from Work		
Spouse's 1989 Income earned from Work	+	
Total 1989 Taxable Income	= b	
c. Student or Spouse is a Dislocated Worker		
Student's Expected 1990 Income from Work		
Spouse's Expected 1990 Income from Work	+	
Student/Spouse 1990 Other Taxable Income	+	
Total 1990 Taxable Income	= c	
Taxable Income (from a OR b OR c)	1d	1,000
2. Untaxed Income (Fill in only one section—a or b)		
a. Neither Student nor Spouse is a Dislocated Worker		
1989 Social Security Benefits		
1989 Other Untaxed Income	+	
Total 1989 Untaxed Income and Benefits	= a	
b. Student or Spouse is a Dislocated Worker		
Expected 1990 Untaxed Income and Benefits	b	
Untaxed Income (amount from a OR b)	2c	
TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)		1,000

ALLOWANCES AGAINST STUDENT/SPOUSE INCOME

1989 U.S. Income Tax Paid * (For tax filers only) Use amount reported; if negative, enter zero.		100
State and Local Tax Allowance (Table 7)	+	0
Social Security Taxes:		
a. 7.51% of student's income from work, not to exceed $3,605	+	75
b. 7.51% of spouse's income from work, not to exceed $3,605	+	
TOTAL ALLOWANCES	=	175

AVAILABLE INCOME

Total Income		1,000
Total Allowances	-	175
AVAILABLE INCOME (May be a negative number)	=	825

* If using 1990 taxable income (Line 1c), use 1990 U.S. income tax to be paid instead of 1989 U.S. Income Tax Paid.

STUDENT CONTRIBUTION FROM INCOME

AVAILABLE INCOME		825
Assessment of Available Income	X	.70
Student Contribution from Available Income	= a	578
Minimum Student Contribution: $700 for first year undergraduates; $900 for all other students	b	900
STUDENT CONTRIBUTION FROM INCOME Write the amount from Line a OR Line b, whichever is greater		900

STUDENT/SPOUSE ASSETS - INCOME SUPPLEMENT

Cash, Savings, and Checking		500
Home Value		
Home Debt	-	
Net Worth of Home (If negative, enter zero)**	= → +	
Other Real Estate/ Investment Value		
Other Real Estate/ Investment Debt	-	
Net Worth of Other Real Estate/Investments (If negative, enter zero)	= → +	
Business/Farm Value		
Business/Farm Debt	-	
Net Worth of Business/Farm (If negative, enter zero)	= → +	
Net Worth	=	500
Assessment Rate	X	.35
STUDENT INCOME SUPPLEMENT (May be a negative number)	=	175

FAMILY CONTRIBUTION

PARENTS' CONTRIBUTION FOR STUDENT		263
STUDENT CONTRIBUTION FROM INCOME	+	900
STUDENT INCOME SUPPLEMENT	+	175
FAMILY CONTRIBUTION	=	1,338

** Net worth of home is considered to be zero if either student or spouse is a dislocated worker or a displaced homemaker.

CASE STUDY #1 - Mark (Secondary FC)

CASE STUDY 2 - SUSAN (NEBRASKA)

Susan, age 30, is recently divorced and is currently unemployed. She is having difficulty finding a job because she has been a full-time homemaker for the past 6 years. Her only income in 1989 was $6,000 in alimony payments. She filed an IRS Form 1040EZ and paid $600 in U.S. income taxes. To prepare for re-entering the job market, she has enrolled in a computer-programming course, and will attend college full time in 1990-91. She owns her condominium apartment, valued at $75,000; the balance outstanding on the mortgage is $65,000. She has $8,000 in a savings and checking account.

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NOTES TO CASE STUDY 2 - SUSAN

- Susan is considered an independent applicant because she is over 24 years old.

- She meets the criteria to file her application as a "displaced homemaker," and therefore, the net worth of her home is considered to be zero.

- The Simplified Worksheet is used to calculate Susan's primary FC, because she met the criteria for the simplified formula—her total income is $15000 or less and she filed an IRS Form 1040EZ (did not file a Form 1040). Her school requires all applicants to fill out the full-data application; therefore, she will also receive a secondary FC from the regular formula; however, the FC calculated from the regular formula is higher because that formula includes her assets (except her home). The value of her Net Assets ($8,000 after excluding the net worth of her home) exceeds the Asset Protection Allowance ($7,500) given in Table 8.

- The State and Local Tax Allowance for Nebraska is 3 percent of student's Total Income (see Table 7).

1990-91 FAMILY CONTRIBUTION FORMULA FOR AN INDEPENDENT STUDENT WITHOUT DEPENDENTS

SIMPLIFIED WORKSHEET **B**

STUDENT INCOME

1. Taxable Income (Fill in only one section—a or b or c)		
a. Tax Filers Only (Student is not a Dislocated Worker)		
Student's 1989 Income from U.S. Income Tax Form	a	6,000
b. Non-Tax Filers Only (Student is not a Dislocated Worker)		
Student's 1989 Income earned from Work	b	
c. Student or Spouse is a Dislocated Worker		
Student's Expected 1990 Income from Work		
Student's 1990 Other Taxable Income	+	
Total 1990 Taxable Income	= c	
Taxable Income (from a OR b OR c)	1d	6,000
2. Untaxed Income (Fill in only one section--a or b)		
a. Student is not a Dislocated Worker		
1989 Untaxed Social Security Benefits		
1989 Other Untaxed Income	+	
Total 1989 Untaxed Income and Benefits	= a	0
b. Student is a Dislocated Worker		
Expected 1990 Untaxed Income and Benefits	b	
Untaxed Income (amount from a OR b)	2c	
TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)		6,000

ALLOWANCES AGAINST STUDENT INCOME

1989 U.S. Income Tax Paid * (For tax filers only) Use amount reported; if negative, enter zero.		600
State and Local Tax Allowance (Table 7)	+	180
Social Security Taxes: 7.51% of student's income from work, not to exceed $3,605	+	0
Maintenance Allowance ($600 per month for 3 months of NONenrollment)**	+	1,800
TOTAL ALLOWANCES	=	2,580

CONTRIBUTION FROM TAXABLE INCOME

Taxable Income (from Line 1d)		6,000
Total Allowances	-	2,580
AVAILABLE TAXABLE INCOME (ATI) (May be a negative number)	=	3,420
CONTRIBUTION FROM TAXABLE INCOME (May be a negative number) If ATI is less than 0, multiply ATI by 100%. If ATI is 0 to $9,500, multiply ATI by 70%. If ATI is $9,501 or more, CTI is $6,650 plus 90% of ATI over $9,500.		2,394

* If using 1990 taxable income (Line 1c), use 1990 U.S. income tax to be paid instead of 1989 U.S. Income Tax Paid.

** To adjust Maintenance Allowance for other than 9-month enrollment, multiply $600 by the number of months of NONenrollment.

VETERANS' EDUCATIONAL BENEFITS

GI Bill and Dependents Educational Assistance (Multiply monthly amount by number of months benefits will be received, not to exceed 9)***		
Veterans' Contributory Benefits (VEAP) (Multiply monthly amount by number of months benefits will be received, not to exceed 9)***	+	
TOTAL VETERANS' EDUCATIONAL BENEFITS	=	

STUDENT CONTRIBUTION FROM INCOME

Contribution from Taxable Income		2,394
Untaxed Income (from Line 2c)	+	0
Total Veterans' Educational Benefits	+	
Computed Contribution from Income	= a	2,394
Minimum Contribution from Income	= b	1,200
STUDENT CONTRIBUTION FROM INCOME (Write the amount from Line a OR Line b, whichever is greater)		2,394

STUDENT ASSETS - INCOME SUPPLEMENT

Cash, Savings, and Checking		
Net Worth of Home**** (Home Value minus Home Debt; if negative, enter zero)	+	
Net Worth of Other Real Estate/Investments (Other Real Estate/Investments Value minus Other Real Estate/Investments Debt; if negative, enter zero)	+	
Net Worth of Business/Farm (Business/Farm Value minus Business/Farm Debt; if negative, enter zero)		
Adjusted Net Worth of Business/Farm (Calculate, using Table 3) ⟶	+	
Net Worth	=	
Asset Protection Allowance (Table 8)	-	
Discretionary Net Worth (May be a negative number)		
Assessment Rate	X	.35
INCOME SUPPLEMENT (If negative, enter zero)	=	

FAMILY CONTRIBUTION

STUDENT CONTRIBUTION FROM INCOME		2,394
STUDENT INCOME SUPPLEMENT	+	
FAMILY CONTRIBUTION	=	2,394

*** To adjust veterans' educational benefits for other than 9-month enrollment, multiply monthly amount of benefits by the lesser of the number of months enrolled or months reported.

**** Net worth of home is considered to be zero if either student or spouse is a dislocated worker or a displaced homemaker.

CASE STUDY #2 - Susan (Primary FC)

1990-91 FAMILY CONTRIBUTION FORMULA FOR AN INDEPENDENT STUDENT WITHOUT DEPENDENTS

REGULAR WORKSHEET **B**

STUDENT INCOME

1. Taxable Income (Fill in only one section—a or b or c)		
a. Tax Filers Only (Student is not a Dislocated Worker)		
Student's 1989 Income from U.S. Income Tax Form	a	6,000
b. Non-Tax Filers Only (Student is not a Dislocated Worker)		
Student's 1989 Income earned from Work	b	
c. Student or Spouse is a Dislocated Worker		
Student's Expected 1990 Income from Work		
Student's 1990 Other Taxable Income	+	
Total 1990 Taxable Income	= c	
Taxable Income (from a OR b OR c)	1d	6,000
2. Untaxed Income (Fill in only one section—a or b)		
a. Student is not a Dislocated Worker		
1989 Untaxed Social Security Benefits		
1989 Other Untaxed Income	+	
Total 1989 Untaxed Income and Benefits	= a	0
b. Student is a Dislocated Worker		
Expected 1990 Untaxed Income and Benefits	b	
Untaxed Income (amount from a OR b)	2c	
TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)		6,000

ALLOWANCES AGAINST STUDENT INCOME

1989 U.S. Income Tax Paid * (For tax filers only) Use amount reported; if negative, enter zero.		600
State and Local Tax Allowance (Table 7)	+	180
Social Security Taxes: 7.51% of student's income from work, not to exceed $3,605	+	0
Maintenance Allowance ($600 per month for 3 months of NONenrollment)**	+	1,800
TOTAL ALLOWANCES	=	2,580

CONTRIBUTION FROM TAXABLE INCOME

Taxable Income (from Line 1d)		6,000
Total Allowances	-	2,580
AVAILABLE TAXABLE INCOME (ATI) (May be a negative number)	=	3,420
CONTRIBUTION FROM TAXABLE INCOME (May be a negative number) **If ATI is less than 0, multiply ATI by 100%. If ATI is 0 to $9,500, multiply ATI by 70%. If ATI is $9,501 or more, CTI is $6,650 plus 90% of ATI over $9,500.**		2,394

* If using 1990 taxable income (Line 1c), use 1990 U.S. income tax to be paid instead of 1989 U.S. Income Tax Paid.

** To adjust Maintenance Allowance for other than 9-month enrollment, multiply $600 by the number of months of NONenrollment.

VETERANS' EDUCATIONAL BENEFITS

GI Bill and Dependents Educational Assistance (Multiply monthly amount by number of months benefits will be received, not to exceed 9)* **		
Veterans' Contributory Benefits (VEAP) (Multiply monthly amount by number ofmonths benefits will be received, not to exceed 9)* **	+	
TOTAL VETERANS' EDUCATIONAL BENEFITS	=	0

STUDENT CONTRIBUTION FROM INCOME

Contribution from Taxable Income		2,394
Untaxed Income (from Line 2c)	+	0
Total Veterans' Educational Benefits	+	0
Computed Contribution from Income	= a	2,394
Minimum Contribution from Income	= b	1,200
STUDENT CONTRIBUTION FROM INCOME (Write the amount from Line a OR Line b, whichever is greater)		2,394

STUDENT ASSETS - INCOME SUPPLEMENT

Cash, Savings, and Checking		8,000
Net Worth of Home*** (Home Value minus Home Debt; If negative, enter zero)	+	0
Net Worth of Other Real Estate/Investments (Other Real Estate/Investments Value minus Other Real Estate/Investments Debt; If negative, enter zero)	+	0
Net Worth of Business/Farm (Business/Farm Value minus Business/FarmDebt; If negative, enter zero)		
Adjusted Net Worth of Business/Farm (Calculate, using Table 3) →	+	0
Net Worth	=	8,000
Asset Protection Allowance (Table 8)	-	7,500
Discretionary Net Worth (May be a negative number)		500
Assessment Rate	X	.35
INCOME SUPPLEMENT (If negative, enter zero)	=	175

FAMILY CONTRIBUTION

STUDENT CONTRIBUTION FROM INCOME		2,394
STUDENT INCOME SUPPLEMENT	+	175
FAMILY CONTRIBUTION	=	2,569

** * To adjust veterans' educational benefits for other than 9-month enrollment, multiply monthly amount of benefits by the lesser of the number of months enrolled or months reported.

* ** * Net worth of home is considered to be zero if either student or spouse is a dislocated worker or a displaced homemaker.

CASE STUDY #2 - Susan (Secondary FC)

CASE STUDY 3 - JEFFREY (MISSISSIPPI)

Jeffrey, age 30, is a graduate student enrolled in law school. He worked part-time as a legal assistant in 1989 and earned $6,000. His wife is employed full-time as a high school science teacher and earned $30,000 in 1989. They filed an IRS Form 1040 for 1989 and paid $5,000 in U.S. income taxes. They have two children who attend private elementary school; the tuition is $1,000 for each child. They own a town house, which is worth $80,000 and has $60,000 outstanding on the mortgage; they have $2,500 in a savings and checking account.

NOTES TO CASE STUDY 3 - JEFFREY

- Jeffrey meets two criteria for independent status, either one of which would qualify him as an independent applicant—(1) he is over 24 years old, and (2) he has legal dependents other than his spouse.

- He does not qualify for the simplified formula because the family income ($36,000) exceeded the $15,000 limit. Therefore, he was required to fill out the full-data application and the Regular Worksheet is used to calculate his FC.

- The State and Other Tax Allowance for Mississippi is 6 percent when Total Income of Student and Spouse is $15,000 or more (see Table 1).

- Since Jeffrey is not a first-year student, his Minimum Available Income is $900.

1990-91 FAMILY CONTRIBUTION FORMULA FOR AN INDEPENDENT STUDENT WITH DEPENDENTS (INCLUDING A SPOUSE)

REGULAR WORKSHEET **C**

STUDENT/SPOUSE INCOME

1. Taxable Income (Fill in only one section—a or b or c)		
a. **Tax Filers Only (Neither Student nor Spouse is a Dislocated Worker)**		
Student's and Spouse's 1989 Income from U.S. Income Tax Form	a	36,000
b. **Non-Tax Filers Only (Neither Student nor Spouse is a Dislocated Worker)**		
Student's 1989 Income earned from Work		
Spouse's 1989 Income earned from Work	+	
Total 1989 Taxable Income	= b	
c. **Student or Spouse is a Dislocated Worker**		
Student's Expected 1990 Income from Work		
Spouse's Expected 1990 Income from Work	+	
Student/Spouse 1990 Other Taxable Income	+	
Total 1990 Taxable Income	= c	
Taxable Income (from a OR b OR c)	1d	36,000
2. Untaxed Income (Fill in only one section–a or b)		
a. **Neither Student nor Spouse is a Dislocated Worker**		
Total 1989 Untaxed Income and Benefits (Social Security Benefits + AFDC/ADC + Child Support Received + Other Untaxed Income)	= a	0
b. **Student or Spouse is a Dislocated Worker**		
Expected 1990 Untaxed Income and Benefits	b	
Untaxed Income (amount from a OR b)	2c	
TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)		36,000

ALLOWANCES AGAINST STUDENT/SPOUSE INCOME

1989 U.S. Income Tax Paid * (For tax filers only) Use amount reported; if negative, enter zero.		5,000
State and Other Tax Allowance (Table 1)	+	2,160
Social Security Taxes:		
a. 7.51% of student's income from work, not to exceed $3,605	+	451
b. 7.51% of spouse's income from work, not to exceed $3,605	+	2,253
Standard Maintenance Allowance (Table 2)	+	14,260
Employment Expense Allowance: (Student and spouse both working: 35% of the lesser of the earned incomes , or $2,200, whichever is less. Single student: 35% of earned income, or $2,200, whichever is less)	+	2,100
Medical/Dental Expenses: (The portion that exceeds 5% of Total Income of Student and Spouse)	+	0
Elem./Jr. High/Sr. High Tuition: (The lesser of amount reported or $3,980 multiplied by number of dependents for whom tuition was paid)	+	2,000
TOTAL ALLOWANCES	=	28,224

* If using 1990 Taxable Income (Line 1c), use 1990 U.S. income tax to be paid in place of 1989 U.S. Income Tax Paid.

AVAILABLE INCOME

Total Income		36,000
Total Allowances	-	28,224
Computed Available Income	= a	7,776
Minimum Available Income $700 for first year undergraduates; $900 for all other students	b	900
AVAILABLE INCOME (Write the amount from Line a OR Line b, whichever is greater)		7,776

VETERANS' EDUCATIONAL BENEFITS

GI Bill and Dependents Educational Assistance (Multiply monthly amount by number of months benefits will be received, not to exceed 9)		
Veterans' Contributory Benefits (VEAP) (Multiply monthly amount by number of months benefits will be received, not to exceed 9)	+	
TOTAL VETERANS' EDUCATIONAL BENEFITS =		

STUDENT ASSETS - INCOME SUPPLEMENT

Cash, Savings, and Checking		2,500
Net Worth of Home** (Home Value minus Home Debt; if negative, enter zero)	+	20,000
Net Worth of Other Real Estate/Investments (Other Real Estate/Investments Value minus Other Real Estate/Investments Debt; if negative, enter zero)	+	
Net Worth of Business/Farm (Business/Farm Value minus Business/FarmDebt; if negative, enter zero)		
Adjusted Net Worth of Business/Farm (Calculate, using Table 3) →	+	
Net Worth	=	22,500
Asset Protection Allowance (Table 9)	-	10,200
Discretionary Net Worth (May be a negative number)	=	12,300
Asset Conversion Rate (Table 5) (Round to 3 decimal points)	X	.12
INCOME SUPPLEMENT (May be a negative number)	=	1,476

FAMILY CONTRIBUTION

Available Income		7,776
Total Veterans' Educational Benefits	+	0
Income Supplement	+	1,476
Adjusted Available Income (AAI) (May be a negative number)	=	9,252
Total Student Contribution from AAI (Calculate, using Table 6; if negative, enter zero) →		2,064
Number in College	÷	1
FAMILY CONTRIBUTION	=	2,064

** Net worth of home is considered to be zero if either student or spouse is a dislocated worker or a displaced homemaker.

CASE STUDY #3 - Jeffrey

CASE STUDY 4 - ANNETTE (CALIFORNIA)

Annette, age 27, and her husband, Bret, have two children. She is enrolled full-time as a first-year student in a cosmetology course; her husband is enrolled full-time in an electronics course. Annette served in the U.S. Army for several years and will receive veterans educational benefits of $376 a month for 9 months during the 1990-91 academic year. Annette earned $10,000 in 1989 as a hairdresser. Bret's 1989 income was only $5,000 because the factory where he worked closed in March 1989; he has been certified as a dislocated worker by the State employment service. They paid $1,000 in U.S. income taxes for 1989 and filed an IRS Form 1040A. Annette expects to earn $4,000 in 1990; Bret expects to earn $6,000 in 1990. They expect to pay $700 in U.S. income tax. Annette and Bret have $600 in a checking and savings account.

NOTES TO CASE STUDY 4 - ANNETTE

- Annette meets two criteria for independent status, either one of which would qualify her as an independent applicant—(1) she is over 24 years old, and (2) she has legal dependents other than her spouse.

- The Simplified Worksheet is used to calculate her primary FC because the family's total taxable income in 1989 was $15,000 (the maximum allowing use of the simplified formula), and they filed an IRS Form 1040A. However, her school requires all applicants to fill out a full-data application form; therefore, she will also receive a secondary FC from the regular formula.

- Under the regular formula, Annette qualifies for a dislocated worker modification using expected 1990 income data because her husband, Bret, has been certified as a dislocated worker by the State employment service. This modification is not available in the simplified formula.

- The State and Other Tax Allowance for California in the simpllified formula is 8 percent (Table 1) because the 1989 Total Income of Student and Spouse is $15,000. In the regular formula, expected 1990 Total Income is used ($10,000), so the allowance in Table 1 is 9 percent.

- Since Annette is a first-year student, her Minimum Available Income is $700.

- The FC from the simplified formula (77) is much lower than the FC from the regular formula (427) due to the fact that Annette's veterans educational benefits ($3,384) are not included in the simplified formula.

1990-91 FAMILY CONTRIBUTION FORMULA FOR AN INDEPENDENT STUDENT WITH DEPENDENTS (INCLUDING A SPOUSE)

SIMPLIFIED WORKSHEET **C**

STUDENT/SPOUSE INCOME		
1. Taxable Income (Fill in only one section—a or b or c)		
a. Tax Filers Only (Neither Student nor Spouse is a Dislocated Worker)		
Student's and Spouse's 1989 Income from U.S. Income Tax Form	a	15,000
b. Non-Tax Filers Only (Neither Student nor Spouse is a Dislocated Worker)		
Student's 1989 Income earned from Work		
Spouse's 1989 Income earned from Work	+	
Total 1989 Taxable Income	= b	
c. Student or Spouse is a Dislocated Worker		
Student's Expected 1990 Income from Work		
Spouse's Expected 1990 Income from Work	+	
Student/Spouse 1990 Other Taxable Income	+	
Total 1990 Taxable Income	= c	
Taxable Income (from a OR b OR c)	1d	15,000
2. Untaxed Income (Fill in only one section—a or b)		
a. Neither Student nor Spouse is a Dislocated Worker		
Total 1989 Untaxed Income and Benefits (Social Security Benefits + AFDC/ADC + Child Support Received + Other Untaxed Income)	= a	
b. Student or Spouse is a Dislocated Worker		
Expected 1990 Untaxed Income and Benefits	b	
Untaxed Income (amount from a OR b)	2c	
TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)		15,000

ALLOWANCES AGAINST STUDENT/SPOUSE INCOME		
1989 U.S. Income Tax Paid * (For tax filers only) Use amount reported; if negative, enter zero.		1,000
State and Other Tax Allowance (Table 1)	+	1,200
Social Security Taxes:		
a. 7.51% of student's income from work, not to exceed $3,605	+	751
b. 7.51% of spouse's income from work, not to exceed $3,605	+	376
Standard Maintenance Allowance (Table 2)	+	12,670
Employment Expense Allowance: (Student and spouse both working: 35% of the lesser of the earned incomes, or $2,200, whichever is less. Single student: 35% of earned income, or $2,200, whichever is less)	+	1,750
Medical/Dental Expenses: (The portion that exceeds 5% of Total Income of Student and Spouse)	+	
Elem./Jr. High/Sr. High Tuition: (The lesser of amount reported or $3,980 multiplied by number of dependents for whom tuition was paid)	+	
TOTAL ALLOWANCES	=	17,747

* If using 1990 taxable income (Line 1c), use 1990 U.S. income tax to be paid instead of 1989 U.S. Income Tax Paid

AVAILABLE INCOME		
Total Income		15,000
Total Allowances	-	17,747
Computed Available Income	= a	-2,747
Minimum Available Income $700 for first year undergraduates; $900 for all other students	b	700
AVAILABLE INCOME (Write the amount from Line a OR Line b, whichever is greater)		700

VETERANS' EDUCATIONAL BENEFITS		
GI Bill and Dependents Educational Assistance (Multiply monthly amount by number of months benefits will be received, not to exceed 9)		
Veterans' Contributory Benefits (VEAP) (Multiply monthly amount by number of months benefits will be received, not to exceed 9)	+	
TOTAL VETERANS' EDUCATIONAL BENEFITS	=	

STUDENT ASSETS - INCOME SUPPLEMENT		
Cash, Savings, and Checking		
Net Worth of Home** (Home Value minus Home Debt; if negative, enter zero)	+	
Net Worth of Other Real Estate/Investments (Other Real Estate/Investments Value minus Other Real Estate/Investments Debt; if negative, enter zero)	+	
Net Worth of Business/Farm (Business/Farm Value minus Business/Farm Debt; if negative, enter zero)		
Adjusted Net Worth of Business/Farm (Calculate, using Table 3) →	+	
Net Worth	=	
Asset Protection Allowance (Table 9)	-	
Discretionary Net Worth (May be a negative number)	=	
Asset Conversion Rate (Round to 3 decimal points)	X	
INCOME SUPPLEMENT (May be a negative number)	=	

FAMILY CONTRIBUTION		
Available Income		700
Total Veterans' Educational Benefits	+	
Income Supplement	+	
Adjusted Available Income (AAI) (May be a negative number)	=	700
Total Student Contribution from AAI (Calculate, using Table 6; if negative, enter zero) →		154
Number in College	÷	2
FAMILY CONTRIBUTION	=	77

** Net worth of home is considered to be zero if either student or spouse is a dislocated worker or a displaced homemaker.

CASE STUDY #4 - Annette (Primary FC)

1990-91 FAMILY CONTRIBUTION FORMULA FOR AN INDEPENDENT STUDENT WITH DEPENDENTS (INCLUDING A SPOUSE)

REGULAR WORKSHEET **C**

STUDENT SPOUSE INCOME		
1. Taxable Income (Fill in only one section—a or b or c)		
a. Tax Filers Only (Neither Student nor Spouse is a Dislocated Worker)		
Student's and Spouse's 1989 Income from U.S. Income Tax Form	a	
b. Non-Tax Filers Only (Neither Student nor Spouse is a Dislocated Worker)		
Student's 1989 Income earned from Work		
Spouse's 1989 Income earned from Work	+	
Total 1989 Taxable Income	= b	
c. Student or Spouse is a Dislocated Worker		
Student's Expected 1990 Income from Work		4,000
Spouse's Expected 1990 Income from Work	+	6,000
Student/Spouse 1990 Other Taxable Income	+	
Total 1990 Taxable Income	= c	10,000
Taxable Income (from a OR b OR c)	1d	10,000
2. Untaxed Income (Fill in only one section--a or b)		
a. Neither Student nor Spouse is a Dislocated Worker		
Total 1989 Untaxed Income and Benefits (Social Security Benefits + AFDC/ADC + Child Support Received + Other Untaxed Income)	= a	
b. Student or Spouse is a Dislocated Worker		
Expected 1990 Untaxed Income and Benefits	b	
Untaxed Income (amount from a OR b)	2c	
TOTAL INCOME (Line 1d plus Line 2c) (If negative, enter zero)		10,000

ALLOWANCES AGAINST STUDENT SPOUSE INCOME		
1989 U.S. Income Tax Paid * (For tax filers only) Use amount reported; if negative, enter zero.		700
State and Other Tax Allowance (Table 1)	+	900
Social Security Taxes:		
a. 7.51% of student's income from work, not to exceed $3,605	+	300
b. 7.51% of spouse's income from work, not to exceed $3,605	+	451
Standard Maintenance Allowance (Table 2)	+	12,670
Employment Expense Allowance: (Student and spouse both working: 35% of the lesser of the earned incomes, or $2,200, whichever is less. Single student: 35% of earned income, or $2,200, whichever is less)	+	1,400
Medical/Dental Expenses: (The portion that exceeds 5% of Total Income of Student and Spouse)	+	
Elem./Jr. High/Sr. High Tuition: (The lesser of amount reported or $3,980 multiplied by number of dependents for whom tuition was paid)	+	
TOTAL ALLOWANCES	=	16,421

* If using 1990 Taxable Income (Line 1c), use 1990 U.S. income tax to be paid in place of 1989 U.S. Income Tax Paid.

AVAILABLE INCOME		
Total Income		10,000
Total Allowances	-	16,421
Computed Available Income	= a	-6,421
Minimum Available Income $700 for first year undergraduates; $900 for all other students	b	700
AVAILABLE INCOME (Write the amount from Line a OR Line b, whichever is greater)		700

VETERANS' EDUCATIONAL BENEFITS		
GI Bill and Dependents Educational Assistance (Multiply monthly amount by number of months benefits will be received, not to exceed 9)		3,384
Veterans' Contributory Benefits (VEAP) (Multiply monthly amount by number of months benefits will be received, not to exceed 9)	+	
TOTAL VETERANS' EDUCATIONAL BENEFITS	=	3,384

STUDENT ASSETS - INCOME SUPPLEMENT		
Cash, Savings, and Checking		600
Net Worth of Home** (Home Value minus Home Debt; If negative, enter zero)	+	
Net Worth of Other Real Estate/Investments (Other Real Estate/Investments Value minus Other Real Estate/Investments Debt; If negative, enter zero)	+	
Net Worth of Business/Farm (Business/Farm Value minus Business/Farm Debt; If negative, enter zero)		
Adjusted Net Worth of Business/Farm (Calculate, using Table 3) →	+	
Net Worth	=	600
Asset Protection Allowance (Table 9)	-	4,100
Discretionary Net Worth (May be a negative number)	=	-3,500
Asset Conversion Rate (Table 5) (Round to 3 decimal points)	x	.057
INCOME SUPPLEMENT (May be a negative number)	=	-200

FAMILY CONTRIBUTION		
Available Income		700
Total Veterans' Educational Benefits	+	3,384
Income Supplement	+	-200
Adjusted Available Income (AAI) (May be a negative number)	=	3,884
Total Student Contribution from AAI (Calculate, using Table 6; if negative, enter zero) →		854
Number in College	÷	2
FAMILY CONTRIBUTION	=	427

** Net worth of home is considered to be zero if either student or spouse is a dislocated worker or a displaced homemaker

CASE STUDY #4 - Annette (Secondary FC)

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1990-91 Congressional Methodology Index

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